

City Service Area

Strategic Support



Mission: *To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.*

The Strategic Support CSA has ownership and responsibility for leading and managing the city organization in a manner that facilitates the innovative and efficient delivery of services and programs to customers. This CSA develops and enables strategies that facilitate the City Council's vision for the community. The strategic support elements of the CSA promote the organization's business goals by:

- Recruiting and developing a high performing workforce;
- Building and maintaining the capital assets of the organization;
- Providing effective state-of-the art technologies as a resource for staff and customers;
- Securing and managing the fiscal resources required to deliver services and programs.

Through these collective efforts, partners in this CSA provide the leadership, direction and resources required to modernize the organization while at the same time sustaining and continuing to enhance the quality of life for the entire community of San José.

Primary Partners

Employee Services
Finance
General Services
Information Technology
Public Works
Redevelopment
Retirement

CSA OUTCOMES

- A High Performing Workforce that is Committed to Exceeding Customer Expectations
- Safe and Functional Public Infrastructure, Facilities, Materials and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

City Service Area Strategic Support *BUDGET SUMMARY*

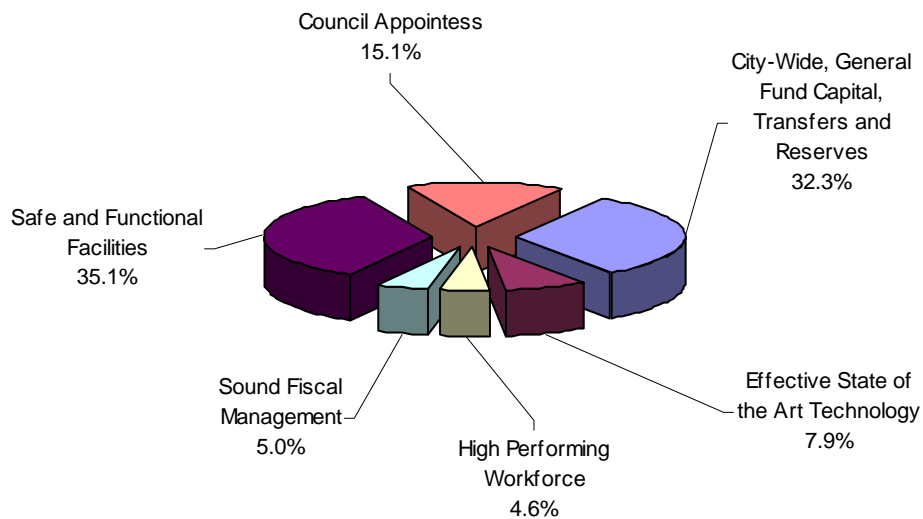
Budget at a Glance

	2003-2004 Adopted	2004-2005 Proposed	% Change
Total CSA Budget (All Funds)	287,651,970	207,552,249	(27.8%)
Total Authorized Positions	1183.57	1052.33	(11.1%)

Budget & Performance Highlights

- Information Technology staff has been reduced by approximately 15% in the past two years. At this level, committing resources to the level required to implement and support the new technology in the New City Hall while maintaining existing shared systems will challenge this CSA's ability to meet the technology demands of the organization as a whole.
- Elimination of eight General Services positions will have negative impacts to service delivery. Health and safety related building issues and public safety fleet availability will however continue to be the first priority and the core services will strive to ensure that performance measures related to safety will be maintained at 100%.
- With the loss of two-thirds of City-wide training funding in the past two years, efforts will now focus almost exclusively on a new mentorship program, an enhanced leadership academy, the supervision and leadership training, and orientation for new employees. Classes on computer, analytical, and communication skills will be offered at a minimum level.
- Despite the economic downturn, the City's capital improvement program remains strong with a projected award of 133 construction contracts and completion of 192 projects in 2003-2004. This is part of a total of 574 completed projects since July 2000.

2004-2005 Total Operations by Outcome



City Service Area
Strategic Support
BUDGET SUMMARY

City Service Area Budget Summary

Dollars by Core Service	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Administer Retirement Plans	\$ 1,702,934	\$ 2,014,693	\$ 2,076,190	\$ 2,076,190	3.1%
City-Wide Data Management	810,576	875,508	946,531	946,531	8.1%
Disbursements	1,483,729	1,491,947	1,476,311	1,476,311	(1.0%)
Employee Benefits	1,618,664	1,769,189	1,849,423	1,849,423	4.5%
Employment Services	1,283,220	1,096,175	988,304	988,304	(9.8%)
Equality Assurance	1,117,038	1,166,819	1,100,299	1,100,299	(5.7%)
Facilities Management	12,464,107	12,443,871	12,144,938	11,495,780	(7.6%)
Financial Management	4,922,409	6,209,709	5,952,904	6,013,174	(3.2%)
Financial Reporting	1,288,771	1,681,124	1,550,911	1,550,911	(7.7%)
Fleet & Equipment Services	14,327,643	15,224,756	15,302,059	14,808,272	(2.7%)
Health and Safety	3,583,640	3,357,002	3,329,020	3,235,334	(3.6%)
Initiate and Facilitate Public Facilities and Spaces*	N/A	N/A	N/A	N/A	
Materials Management	1,431,497	1,565,334	1,553,769	1,494,764	(4.5%)
Netwk/Communication Svcs	7,918,929	5,917,333	5,548,832	4,953,698	(16.3%)
Plan, Design and Construct Public Facilities and Infrastructure	30,889,846	34,433,049	31,763,219	28,892,052	(16.1%)
Purchasing	1,123,538	1,362,816	1,373,180	1,214,990	(10.8%)
Tech Customer Support	6,995,554	8,405,944	9,113,521	8,742,602	4.0%
Tech Solutions Consulting	677,404	600,890	595,616	595,616	(0.9%)
Tech Strategic Planning	318,210	276,376	575,943	575,943	108.4%
Training and Development	242,295	284,143	295,221	262,521	(7.6%)
Strategic Support	20,527,658	19,947,790	18,458,054	16,994,840	(14.8%)
Total Strategic Support CSA	\$ 114,727,662	\$ 120,124,468	\$ 115,994,245	\$ 109,267,555	(9.0%)
MAYOR, CITY COUNCIL AND APPOINTEES	\$ 29,990,917	\$ 33,023,766	\$ 33,445,942	\$ 31,320,227	(5.2%)
Other Programs					
City-Wide Expenses	\$ 40,306,883	\$ 40,286,399	\$ 40,713,975	\$ 39,891,859	(1.0%)
General Fund Capital, Transfers and Reserves	9,342,775	94,217,337	29,387,768	27,072,608	(71.3%)
Subtotal	\$ 49,649,658	\$ 134,503,736	\$ 70,101,743	\$ 66,964,467	(50.2%)
Total Strategic Support	\$ 194,368,237	\$ 287,651,970	\$ 219,541,930	\$ 207,552,249	(27.8%)
Authorized Positions**	1,211.13	1,183.57	1,109.92	1,052.33	(11.1%)

* The San Jose Redevelopment Agency (SJRA) Core Service budget is not part of the City's Operating Budget. For display purposes only, however, SJRA budget information can be found in the Core Service section of this document.

** Authorized positions only include SJRA positions that are funded in the City's Operating Budget. For display purposes only, total SJRA position information can be found in the Core Services section of this document.

City Service Area

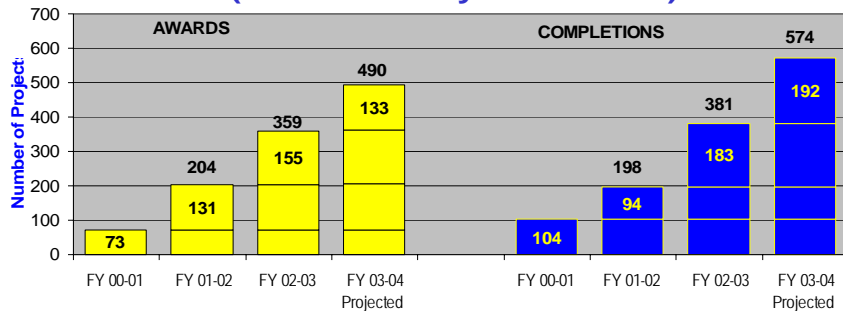
Strategic Support

FIVE-YEAR BUSINESS PLAN

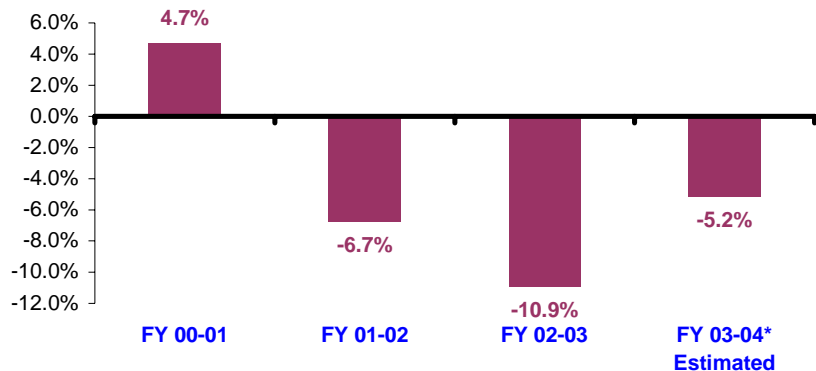
Current Position *How are we doing now?*

- Although recruitment and hiring-related activities have declined significantly over the past three years, non-recruitment transactions necessary to maintain the City organization continue at a relatively high level.
- The number of employee worker's compensation claims continues to decline as a result of working collaboratively with departments to prevent accidents.
- The public space inventory has grown by 7.4% in the past 3 years while facility management and maintenance resources have decreased by 8.9%.
- The workload of the City's Information Technology resources continues to expand while staffing levels to support the workload continue to decrease.
- Even with the continuing economic downturn, the City's Capital Improvement Program (CIP) performance remains strong. Of the more than 580 projects included in the 2004-08 CIP, 384 are currently active for 2003-2004, with 333 of these projects completed or on schedule.
- To date the organization has managed to maintain a very favorable bond rating in spite of the economic downturn and has allowed the continued financing of Capital Projects at the lowest possible costs.

5-Year CIP Contract Awards and Completions (Cumulative by Fiscal Year)



% Change In Number of Workers' Compensation Claims Per 100 FTE's



Selected Community Indicators

What external conditions influence our strategies?

- **2003 City of San José Community Survey**
 - 78% of the public were very satisfied or somewhat satisfied with their experience with City of San José departments and employees; 73% were very satisfied or somewhat satisfied with the overall quality of services provided by City of San José.
 - 64% of the public rated condition of public facilities as very good to excellent. As managers of such facilities this CSA uses the public opinion information to develop priorities and strategies and address concerns.
 - 20% of the residents say the City is good at managing City government finances.
- **2002 Employee Survey** – found that 87% of employees who responded, agreed or strongly agreed that the City of San José is a good employer. The next Employee Survey is scheduled for Fall 2004.
- **General obligation bond ratings** – Aa1 (Moody's) and AA+ (Standard & Poor's and Fitch)
- **2003 Finance and Technology Customer Survey** – found that 84% of City employees surveyed had the technology they needed to meet their service delivery needs.
- **Online Capability** – As supported by the City's own experience with San José Permits Online, the use of e-Government services are becoming increasingly popular. An estimated 74.9% of the U.S. population living in households equipped with a fixed-line phone had Internet access, up from 66% in February 2003 (based on a Feb 2004 telephone survey by Nielsen/Net Ratings).

Trends / Issues / Opportunities

What developments require our response?

- Projections indicate a continued reduction in General Fund and Capital resources due to the economic downturn and reduced resources from the State.
- The organization is faced with negotiating all union labor agreements this year. Every 1% compensation adjustment negotiated with organized labor represents approximately \$6.6 million in additional labor costs.
- Even without any negotiated salary increases for the workforce, the organization is faced with an increase of \$31.8 million, or 6.4% of base budget labor costs in 2004 -2005 due to increased costs in retirement and fringe benefits (not including workers compensation).
- The current economic conditions have increased the city's challenge to employ and adequately develop staff. The challenge presently faced by the CSA is to develop a work environment that will make the City an employer of choice. Focusing on providing a rewarding and satisfying workplace will help maximize the level of commitment, engagement and support of the remaining workforce.
- Over the next 3 years the City CIP effort will further increase the public space inventory by an additional 32%.
- The New City Hall will add approximately 530,000 square feet of public space to the facility asset inventory. In addition the facility will be "state of the art" in design and functionality mandating a new level of maintenance and support capability.
- The CIP does not address all infrastructure needs, and there continues to be a backlog of deferred maintenance in key facilities not addressed by the CIP. To that point the most recent facility condition assessment survey indicates that only 32% of our public facility inventory has a condition rating of 4 or better on a scale of 1 to 5.
- The CSA is engaged in establishing itself as the central manager of vehicle utilization and replacement. The challenge will be to establish and implement strategic replacement programs and a utilization mitigation plan that does not adversely affect the ability of the user departments to deliver services.

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FIVE-YEAR BUSINESS PLAN

Trends / Issues / Opportunities

What developments require our response? (Cont'd.)

- The CSA is in the process of establishing itself as the central provider and manager of the City's voice and data network services. The challenge will be to transition to this service delivery model in an environment where individual departments have had sole responsibility for some of these same services in the past.
- Wireless technology is entering the mainstream. The New City Hall offers an opportunity for the City to develop a strategy for the deployment of wireless technology that benefits City facilities as well as City residents and businesses.
- It is critical that the City protects existing revenue streams and pursues opportunities for new revenue due to a climate of uncertainty with regard to budgetary actions by other governmental jurisdictions.
- The City must maintain the best possible bond ratings in the current economic environment in order to continue financing Capital Projects at the lowest possible cost.
- The organization is faced with developing and implementing an interim space programming and financing plan associated with the New City Hall project. Current economic conditions have led to a projected general fund budget shortfall of \$69.8 million for 2004-2005 along with considerable reduction in the value of the assets to be used to finance the existing city hall rehabilitation. An interim space programming plan that accounts for current economic conditions, meets the space needs of the organization and eliminates the loss of city assets at minimal value is required.

Policy Framework

What policies guide our strategy?

- Council Priorities
- Strong Neighborhoods Initiative Priorities
- City Master Plans
- CSA Partner Business Plans
- Economic Development Strategy
- CSA Information Technology Tactical Plans
- City Policies and Operational Standard Operating Procedures

Key Strategic Goals & Objectives

Where are we going?

To ensure the most effective delivery of services, the consolidated Strategic Support CSA will cultivate partnerships as an integral part of providing core support functions. Strategic affiliations provide the facilities and the services needed by the customers and the organization that might not otherwise be delivered independently.

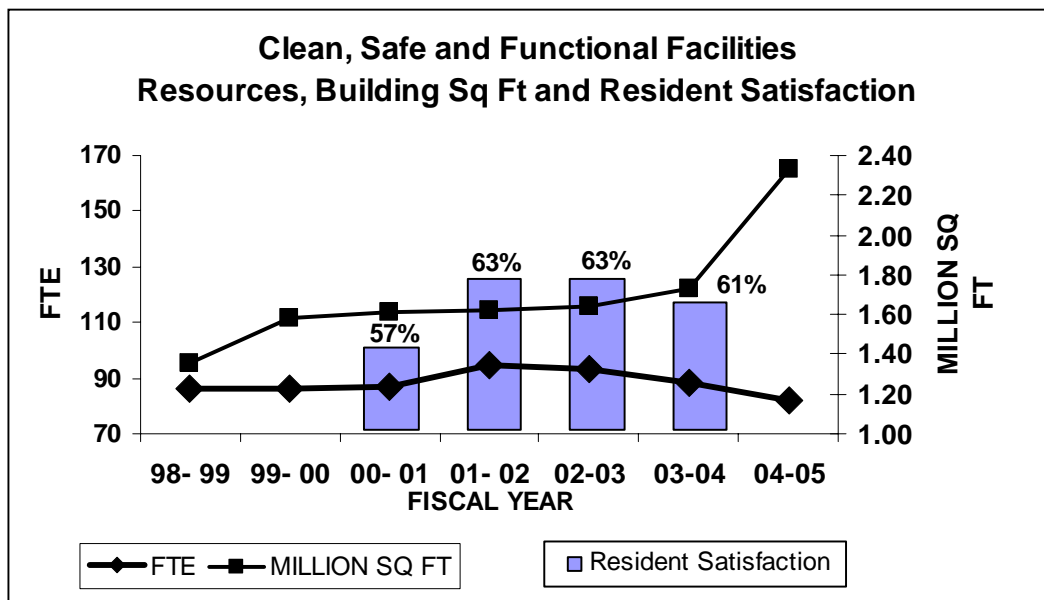
Outcome 1: A High Performing Workforce that is Committed to Exceeding Customer Expectations

- **Support the Workforce** – One outcome of the CSA is a high performing workforce that is committed to exceeding customer expectations. Strategic goals within this outcome include attracting and retaining qualified employees, developing supervisors and managers, and promoting a safe and healthy work environment. The current budget environment dictates that the CSA refocus its strategic efforts to provide employees with the resources and the working environment conducive to being successful in the provision of services.

Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment

- **Provide Safe and Functional Public Infrastructure and Equipment/Materials** – This CSA must continue to provide well-constructed and maintained facilities and equipment that meet both customer and City staff needs. Due to the budget challenge, the CIP project delivery schedule must be scrutinized and opportunities to minimize operations and maintenance must be recommended for implementation, while maintaining the level of credibility that the program has established by delivering projects on-time and on-budget. The needs of facilities that are not addressed by the CIP plus the new needs imposed by the CIP building program need to be recognized. Current resources must be leveraged to maximize effectiveness, efficiency, and ensure that the health and safety concerns of the facility users are not compromised. Finally, the CSA must prioritize fleet availability, maximize fleet utilization and procure commodities, services and materials in the most cost effective, if not timely manner.



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FIVE-YEAR BUSINESS PLAN

Key Strategic Goals & Objectives *Where are we going? (Cont'd.)*

Outcome 3: Effective Use of State-Of-The-Art Technology

- **Enable Users** – Effectively deploy and use state-of-the-art technology and actively encourage other CSAs to use these tools for the greater good of the entire organization.
- **Standardize and Consolidate** – Identify opportunities to merge databases, consolidate resources, and encourage the use of City technology standards that can be supported by leveraging existing resources.
- **Network Availability** – Maintain availability and support for network/telecommunication operations to ensure availability of systems to employees and customers by streamlining operations if possible.
- **New City Hall** – Completion of the New City Hall represents an unprecedented level of investment in technology. This facility will support “One Voice”, an effort currently underway to transform the City into an organization which operates under a seamless customer-centric service delivery model. We must take advantage of the opportunity provided by the New City Hall to establish the appropriate infrastructure foundation needed for the implementation of e-Government initiatives to provide better, faster and more efficient customer interaction with the City.

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

- **Maintain strength of the City’s financial position** – This CSA must continue to ensure that the City’s financial resources are protected and available to address short and long-term needs of the community. At a minimum, the following objectives must be maintained in support of this goal: proactively pursuing revenues, maintaining excellent bond ratings to facilitate financing for the Capital Improvement Program at the lowest possible cost, by maintaining adequate insurance at the lowest cost and best coverage possible and providing accurate and timely financial reports.

Overview

Strategic support functions are critical within any organization. Basic core services must continue at an effective level and with flexibility that allows for expansion and enhancement in a timely manner upon economic recovery. The extended budget challenges created by the current economic environment has resulted in a significant reduction for this CSA. Such reductions challenge the delivery of core services that this CSA is charged with providing to the organization. The Strategic Support CSA is committed to continue to deliver basic services that support the organization. To accomplish this the CSA will:

- 1) assign priority to key strategic support core services;*
- 2) collaborate with line CSA's to safeguard strategic support core services;*
- 3) utilize alternative funding sources where practical; and,*
- 4) strategically implement service reduction cuts that account for and assess the impact to customers and employees.*

Key Investments & Objectives *How will we accomplish our goals?*

Investment strategies are briefly outlined below and linked to CSA Outcomes and performance goals for 2004-2005.

Outcome 1: A High Performing Workforce that is Committed to Exceeding Customer Expectations

- **Training and Development** – Focus remaining training resources on establishing a mentoring program and expanded leadership academy while maintaining the existing Leadership and Supervision Academy and New Employee Orientation Program.
- **Workforce Reductions** – Administer employee reassignment, bumping, placement and layoff processes fairly and efficiently to facilitate necessary organizational downsizing.
- **Employment Services** – Ensure that recruitment and hiring processes needed for critical vacancies are completed timely and effectively.
- **Health and Safety** – Effective implementation of the injury prevention and claim management program to continue the current trend of injury/claim reductions.

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment

- **Fleet Management** – Fleet management will implement utilization standards that will result in a reduced fleet size and a strategic replacement program. Eliminating vehicles with minimal utilization and maximizing the sharing of fleet resources will be pursued. Service priority will be given to the public safety fleet and critical service equipment.
- **Facility Management** – Reduced resources in combination with an increasing maintenance inventory will result in a significant reduction in timely service delivery. Facilities Management will reduce service levels with a focus on addressing health and safety concerns.
- **Material and Procurements** – The CSA will continue to implement cost reduction strategies including maximizing the use of the competitive bidding process, consolidation of service delivery contracts and the utilization of cooperative procurement contracts. In the interest of aligning with the City's Economic Development Strategy, the CSA will continue outreach efforts to local, small and minority businesses.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment (Cont'd.)

- **New City Hall** – The Operations and Maintenance Plan for the New City Hall will leverage existing City resources to the maximum extent possible. Additional resources will be required to align the Operations and Maintenance Plan with the mission and functionality of the facility. The CSA will undertake extensive planning and coordination efforts towards the relocation of staff and programs to the New City Hall in order to minimize the disruption of service to the community and ensure alignment with the facility construction schedule.
- **Capital Project Delivery** – The CSA will continue to lead the effort to coordinate, manage and account for the delivery of capital projects. However, due to the reduced ability of the organization to maintain and operate some of the newly constructed or improved facilities, the CSA will strategically align project delivery with projected operations and maintenance expenditures. This outcome will seek ways of maximizing the use of existing staff resources to deliver capital projects as a means of mitigating the impact of staff reductions.
- **Equality Assurance** – Implement labor compliance to ensure monitoring of every contract with wage requirements to ensure that proper compensation and benefits are paid to workers performing services on City and RDA contracts. Reduced resources combined with an increased number of contracts may lead to service level impacts, such as increased cycle times.

Outcome 3: Effective Use of State-Of-The-Art Technology

- **Technology Services** – Implement consolidated information technology operations and support for the New City Hall.
- **Cell Phone Program** – Reduce city-wide cellular phone costs by optimizing call plans and purchasing under the Western States Consortium Agreement. Investigate and pursue other cost reduction opportunities.
- **Network Availability** – Reduce the CSA's budget for supplies, maintenance and support agreements by recognizing efficiencies and balancing the risk to network/system availability with service level impacts to customers.
- **Focus on Core Services** – Mitigate impact of staffing reductions by automating server back-up and recovery procedures and by providing onsite support to network operations during regular business hours only. Focus remaining resources on support for enterprise-wide systems.

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

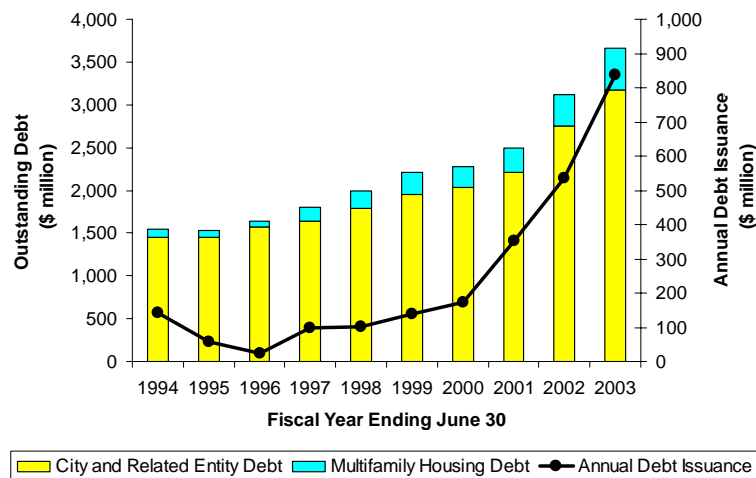
- **Revenue Management** – Proactively and aggressively pursue protecting existing citywide revenue streams along with administering and reviewing opportunities for new revenue streams under a climate of continued economic uncertainty. Strategies include proactively pursuing the collection of delinquent accounts, working collaboratively with other City departments to assure the highest level of revenue collection is achieved, conducting revenue compliance reviews, completing a two-year special business tax compliance project (Business Information Management System [BIMS] leads) and implementing a business tax amnesty program.
- **Debt Management** – Maintain the City's excellent bond ratings in spite of the current economic downturn in order to continue financing Capital Projects as the lowest possible cost.
- **Risk Management** – Maintain adequate insurance coverage by monitoring the insurance market and assessing the City's risk exposure to ensure the lowest cost and best coverage economically possible.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community (Cont'd.)

- **Financial Reporting** – Provide key critical reporting needs for Council and management decision-making. The main focus will be to provide timely reporting on the City's monthly financial reports and the Comprehensive Annual Financial Report (CAFR).

Ten-Year History of Debt Portfolio and Debt Issuance
Fiscal Year 1993-94 to Fiscal Year 2002-03



City Service Area
Strategic Support
PERFORMANCE BY OUTCOME

Outcome 1: A High Performing Workforce that is Committed to Exceeding Customer Expectations

Workers' Compensation Claims Decrease

As of the end of March 2004, the volume of workers' compensation claims has decreased 8.6% from 1,091 to 997 as compared to the same period a year ago. Costs, however, have increased 3.5% from \$12.7 million to \$13.2 million. This relatively small increase actually reflects significant progress in controlling costs by controlling claims. Prior to this reporting period workers' compensation costs increased at a double-digit percentage rate, ranging from 10.7% to 24%. With little control over accelerating medical costs, utilization and higher benefits mandated by workers' compensation laws, the City's focus continues to be developing work environments and a management and staff mindset that is focused on accident and injury prevention. The downward trend in claims is important since approximately 80% of current year claim costs are related to prior years' claims. The strategy on reducing worker compensation costs mandates that the City continue to reduce claims while effectively mitigating past claims and costs.

Health and Safety will continue to emphasize effective planning, efficient use of resources, and collaboration from all levels of the organization to meet the challenges of ensuring a safe workplace, healthy employees, and containment of costs.

Organizational Downsizing and Employee Placements

The CSA has the responsibility of administering the City's layoff and reassignment process that is a necessary by product of organizational downsizing. In 2003-2004, all 73 employees who were affected by positions cuts were able to be placed in other City jobs, a process that entailed six months and included a team of 9 staff members. In 2004-2005, the number of employees is expected to increase such that extensive use of seniority lists and bumping procedures will be necessary. These services will be provided largely by a staff that has itself been reduced by 30% over the last three years.

Performance Measure Revisions

CSA measures have been revised this year to provide a better way of showing the overall effectiveness and efficiency of this outcome. New measures have been added which are in alignment with comparative data from the International City/County Management Association (ICMA). In addition existing measures from the bi-annual employee survey have been kept as important gauges of employee satisfaction and commitment within the context of their jobs and the City as a whole.

City Service Area
Strategic Support
PERFORMANCE BY OUTCOME

Outcome 1: A High Performing Workforce that is Committed to Exceeding Customer Expectations (Cont'd)

5 Year Strategic Goals	CSA Performance Measures	2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
A. Optimize the attraction and retention of qualified employees to meet the service delivery needs of the organization	1. Turnover Rates: Total, Non-Public Safety, Public Safety, and Information Technology employees	*	N/A*	N/A*	6%
	2. % of hiring managers rating probationary employees as meets standard or above	*	N/A*	N/A*	TBD*
B. Align systems that develop and maintain a high performing workforce	1. % employees who agree or strongly agree they clearly understand the performance expectations of their job	82%	80%	N/A*	80%
	2. % of grievances resolved before passing from management control	*	N/A*	N/A*	TBD*
C. Develop and encourage supervisors and managers that support a high-performing workforce	1. % employees who agree or strongly agree they receive timely, constructive feedback on performance and they are provided opportunities to make decisions regarding their job	65% / 68%	53% / 65%	N/A**	53% / 65%
	2. % of employee performance appraisals completed on schedule	*	N/A*	N/A*	TBD*
D. Foster a shared vision with employee representatives about the characteristics of a high-performing workforce	1. % employees who agree or strongly agree they have the skills and knowledge they need to do jobs or there is a plan to obtain them	88%	86%	N/A**	86%
	2. % of the public having contact with City employees who are satisfied or very satisfied with the customer service based on courtesy, timeliness, and competence	85%	81%	81% / 76% / 77%	81%
	3. % employees who agree or strongly agree they understand the City's vision and how their work contributes to a core service	80% / 82%	76% / 79%	N/A**	76% / 79%
	4. % employees who are satisfied or very satisfied with their job	85%	81%	N/A**	81%
	5. % employees who agree or strongly agree the City is a good employer.	85%	81%	N/A**	81%
	6. % of employees who rate the quality, timeliness, and overall satisfaction with Employee Services as excellent or good	*	N/A*	N/A*	TBD*
E. Provide the necessary and required safety and health services that ensure employees health, safety and well-being	1. Number of Workers Compensation claims per 100 FTEs	19	N/A*	18	17.5

* New measure: baseline data to be collected in 2004-2005

**Data for this measure comes from the Employee Survey. The next employee Survey is scheduled for Fall 2004

City Service Area
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PERFORMANCE BY OUTCOME

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment

Safety First

A common theme in several of the core services of this outcome is the focus on safety first. Health and safety related building issues and public safety fleet availability will continue to be the first priority of this outcome and the core services will strive to ensure that performance measures related to safety will be maintained at 100%.

Maintaining the Building Inventory

The addition of new or rehabilitated building facilities through the City's aggressive capital program has provided for new building space and also served to reduce deferred maintenance needs throughout the existing building facility inventory. The most recent General Services assessment of facilities "condition" indicate that 32% of the facility inventory is rated at "good" to "excellent" condition. This is a significant increase over the target which was set based upon the diminishing conditions of City facilities before the

"Decade of Investment" began to have an impact. Continued improvement is expected even though the Capital Improvement Program may be slowing down to allow for a gradual transition of new operational services.

In the last 3 years the public building inventory has grown to the current total of 1.73 million square feet and the New City Hall will grow the inventory by an additional 30%. At the same time, the operating budget reductions of the past two years have reduced the resources used to maintain and support these key infrastructure investments. Failure to keep pace with the maintenance needs of the growing inventory will negate the successes of our current capital program and replicate and expedite the need for a large capital reinvestment. With this in mind, this CSA will focus on strategically using current limited resources, asking clients to work on the delivery of high priority projects and continuing to champion the identification and mitigation of the O&M costs associated with the Capital Program.

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment

5 Year Strategic Goals		2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
A. Provide well-maintained facilities that meet customer needs	1. % of facilities that have a good or excellent rating based on staff condition assessment	75%	12%	32%	40%
	2. % of customers who rate facility services as good or excellent based on timeliness of response and quality of work	90%	60%	85%	80%
	3. % of facility health & safety concerns mitigated within 24 hours	100%	100%	100%	100%
B. Provide and maintain equipment that meets customer needs	1. % of equipment that is available for use when needed:				
	• Emergency Vehicles	100%	100%	100%	100%
	• General Fleet	93%	96%	91%	90%
	2. % of fleet in compliance with replacement criteria:				
	• Emergency Vehicles	100%	100%	100%	100%
	• General Fleet	69%	66%	86%	83%
	3. % of service work orders completed within 24 hours:				
	• Emergency Vehicles	58%	67%	62%	58%
	• General Fleet	65%	69%	68%	59%

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment

Fleet Availability

Fleet availability will be a primary focus as the challenges of identifying an optimum fleet size and implementing modified replacement criteria are addressed.

As the City continues to place emphasis on public health and safety as a first priority, over 80% of fleet services will be assigned to support public health and safety. Fleet Services will continue to meet the goal of 100% fleet availability for public safety in spite of a reduction in contractual services and in-house staffing. This will be accomplished by shifting resources from general fleet to public safety fleet support. This shift will increase cycle times for general fleet preventive maintenance and repairs and impact both work orders completed within 24 hours and equipment availability. This impact may be somewhat offset by the expected decrease in fleet size.

“Decade of Investment”

Despite the continuing economic downturn, the City's

Capital Improvement Program (CIP) remains strong with a proposed 2005-09 budget of approximately \$3.29 billion. Of the more than 580 projects included in the 2004-08 CIP, 384 are currently active for 2003-2004, with 333 of these projects completed or on schedule. In addition, staff expects to award a total of 133 construction contracts during 2003-2004 and complete construction of 192 projects. This results in a projected total of 574 completed projects that citizens of San José will see in their communities from July 2000 through June 2004 and well over \$2 billion in capital program dollars being put into our local economy.

However, the projected shortfall in the General Fund in 2004-2005 will have significant impacts on the CIP. General Fund tax revenues continue to decline mandating that the CSA align project delivery with our ability to meet projected Operations and Maintenance (O&M) expenditures. Projects with large O&M costs to the General Fund may have to be deferred to later years.

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment

5 Year Strategic Goals	CSA Performance Measures	2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
C. City-wide delivery of quality CIP projects on-time and on-budget	1. % of CIP projects that are delivered within 2 months of approved baseline schedule	TBD	85%	75% 144/192	85%
	2. % of CIP projects that are completed within the approved baseline budget	TBD	90%	TBD	90%
	3. % of project delivery costs (exclusive of citywide overhead) compared to total construction costs for completed projects with construction costs:				
	less than \$500,000-	TBD	TBD	TBD	31%
	between \$500,000 and \$3M-	TBD	TBD	TBD	23%
	greater than \$3M-	TBD	TBD	TBD	15%
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of commissioning or use	TBD	80%	TBD	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)				
	Public-City Staff-	TBD	85%	TBD	85%
		TBD	85%	TBD	85%

City Service Area
Strategic Support
PERFORMANCE BY OUTCOME

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment (Cont'd.)

New capital project performance measures were established for the city-wide capital program starting 2003-2004. Targets for most of the measures were developed as part of the Quarterly Status Report on the City-wide Capital Improvement Program. The city-wide capital program results are reported in the Strategic Support CSA, as well as this CSA's own results. The established performance targets for the city-wide capital program have been used to set each individual CSA's targets until such time as the actual performance data supports changing them to reflect each CSA's ability to achieve their performance goals.

The targets for project delivery costs are currently being proposed for 2004-2005. The project delivery cost measure reports the project delivery cost as a

percentage of construction costs, as opposed to total project costs. A comparison to construction costs is used to enable benchmarking with other jurisdictions and the private sector. The project delivery cost targets have been set on a sliding scale for projects based construction costs.

The other one-year targets for 2004-2005 remain the same as 2003-2004, and five-year targets have not been established due to limited historical data. The on-time performance data for 2003-2004 is 75% compared to a target of 85%. Regulatory agency agreements and permits, environmental issues, extended community involvement, contractor issues, land acquisition, or budgetary issues are the primary causes for delays in projects. Staff is aggressively seeking ways to improve performance.

Outcome 2: Safe and Functional Public Infrastructure, Facilities, Materials and Equipment

5 Year Strategic Goals	CSA Performance Measures	2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
D. Strategic Support CSA delivers quality CIP projects on-time and on-budget	1. % of CIP projects that are delivered within 2 months of approved baseline schedule	TBD	85%	100% 5/5	85%
	2. % of CIP projects that are completed within the approved baseline budget	TBD	90%	TBD	90%
	3. % of project delivery costs (exclusive of citywide overhead) compared to total construction costs for completed projects with construction costs:				
	less than \$500,000-	TBD	TBD	TBD	31%
	between \$500,000 and \$3M-	TBD	TBD	TBD	23%
	greater than \$3M-	TBD	TBD	TBD	15%
	4. % of operations and maintenance divisions rating new or rehabilitated capital facilities as being functional and sustainable after the first year of commissioning or use	TBD	80%	TBD	80%
	5. % of customers rating new or rehabilitated CIP projects as meeting established goals (4 or better based on a scale of 1-5)				
	Public-	TBD	85%	TBD	85%
	City Staff-	TBD	85%	TBD	85%

PERFORMANCE BY OUTCOME

Outcome 3: Effective Use of State-Of-The-Art Technology

New City Hall a Priority

Faced with limited resources, the priority must be on planning and implementing the new technology for the New City Hall. Integrating, consolidating and leveraging existing information technology resources are key strategic outcomes of the NCH technology planning effort. These outcomes align with the Economic Development Strategy goal to “Make San José a Tech Savvy City; Lead the Way in Using Technology to Improve Daily Life”, and support the customer service delivery model and associated organizational transformation envisioned for the New City Hall.

Voice Over Internet Protocol

New technology for the NCH includes a new type of phone service. The City will own and install a telephone system based on the state-of-the-art voice over Internet protocol (VoIP) technology. This new telephone system will provide enhanced telephone service, tight integration with the user’s desktop computer at a system cost that will save the City millions of dollars. The in-house phone system sets a foundation to implement additional phone services and will serve as the hub for telecommunications to be extended to other City facilities. These opportunities include wireless phones and adding phone capabilities to desktops, laptops, and PDAs.

Outcome 3: Effective Use of State-Of-The-Art Technology

5-Year Strategic Goals		CSA Performance Measures	2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
A. Deploy technology resources effectively	1. % of communication services available during business hours:	- Central Network	100%	98%	100%	98%
		- Telephones	100%	100%	100%	100%
		- Mobile Radios (24/7)	100%	98%	100%	98%
		- Combined Availability	100%	99%	100%	98%
	2. % of time system is available during normal business hours:	- E-mail	100%	100%	99%	100%
		- Financial Management System	99%	99%	97%	99%
		- Human Resources/Payroll System	99%	99%	99%	99%
		- Call Center System	100%	100%	100%	100%
		- Combined availability	100%	99%	98%	99%
	3. % of managers who say employees have the technology tools they need to support their service delivery functions		90%	80%	84%	85%
	4. % of employees who say they have the technology tools they need to support their service delivery functions		90%	80%	77%	80%

City Service Area

Strategic Support

PERFORMANCE BY OUTCOME

Outcome 3: Effective Use of State-Of-The-Art Technology (Cont'd.)

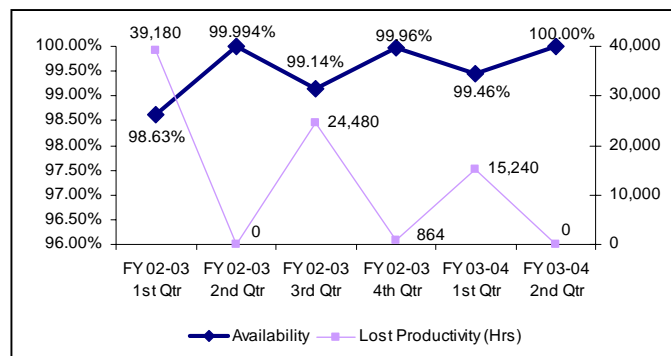
Impact of Network Availability

For the first half of 2003-2004, network availability exceeded the current target of 98%. Maintaining availability of core information systems is a mission critical function of this CSA outcome. For example, the difference between availability at 98.63% and 99.99% represents approximately 39,000 quarterly hours of time in which staff was unable to access the City's network, resulting in no use of systems like email, intranet, MS Outlook and other applications required for conducting business. Demands on technology

infrastructure at the New City Hall will require essentially 100% network availability as phone and data will be merged onto a single network.

Network availability has been affected by recent budget reductions. Lower parts inventories have resulted in longer times to restore the network. In addition, the existing network is near the end of its life cycle, impacting reliability and response time while customer demands on the system are continually increasing. Lack of timely implementation of anti-virus software has resulted in increased network downtime.

"Network availability target of 98% was consistently exceeded; however, the new City Enterprise-wide infrastructure will require essentially 100% availability."



City Service Area Strategic Support *PERFORMANCE BY OUTCOME*

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

Bond Rating & Debt Issuance

By maintaining the City's excellent credit ratings, the City continues to provide essential public facilities to the community with low financing costs, saving the City millions. The City has been making significant capital investments in public facilities such as parks, libraries, public safety and its New City Hall. These projects are consistent with implementation of the City's "Decade of Investment," through a \$4.05 billion 2004-2008 Capital Improvement Program, of which approximately 65% is to be financed with bonds. This includes \$411.73 million in General Obligation Bonds not yet issued, but authorized by the voters of the City of San José for parks, libraries and public safety facilities. There has been a dramatic growth in the size of the City's debt portfolio along with an increase in issuance activity in each of the last ten fiscal years. As of June 30, 2003, the City (including related entities and multi-family housing debt [conduit debt]) had over \$3.6 billion in debt outstanding.

It is critical for the City to maintain its excellent bond ratings, which is a key factor in determining the City's borrowing rate (the City's cost of funds). Because the City has exercised sound fiscal management, even during the recent time of economic uncertainty, San José's bond ratings are the highest for cities our size in California. Our excellent credit ratings (Aa1 [Moody's] and AA+ [Standard & Poor's and Fitch]) have already saved the taxpayers over \$2.5 million over the life of the general obligation bonds issued to date, and are estimated to save the taxpayers an additional \$5.6 million over the life of the City's general obligation bonds authorized but not yet issued.

It should also be noted that very recently another large California city (San Diego) had its ratings downgraded due to underfunding of pension costs, errors in its Comprehensive Annual Financial Report, and relatively low reserves. Due to this downgrade, that city will be paying more in interest costs on its bonds. The chart below demonstrates the strong credit characteristics of San José as compared to the medians for all California cities, as reported by Moody's Investors Service. San José generally compares favorably to all California cities medians, and compares more favorably when compared with other large California cities.

Comparison of San José Financial Position to
All California Cities

	Moody's Median All Issuers	City of San Jose
Total Gen. Fund Balance as % of Revenues (FY 2001-02)	45.9%	43.4%
Direct Net Debt as % of Full Value (FY 2001-02) ¹	0.3%	0.5%
Per Capita Income (CY 1999)	\$ 19,778	\$ 26,697
Median Family Income (CY 1999)	\$ 50,247	\$ 74,813
Assessed Value Avg. Ann. Growth FY 99-03	8.1%	10.0%
Taxable Sales Avg. Ann. Growth FY 98-02	5.4%	2.2%

¹ San José debt burden data as of June 30, 2003.

Source: Medians for California Cities: Fiscal 2002, Moody's Investors Service, January 2004.

Financial Management System

With the City's current fiscal realities, it was decided in 2001-2002 to explore the use of the City's current Financial Management System (FMS) to meet the managerial reporting needs rather than pursue a more costly replacement alternative. A steering committee has been charged with developing a low cost upgrade plan for the current FMS as an interim solution since the City's current version was not to be supported after June 2003; this date has since been extended through December 2004. While these efforts will not meet the long-term financial management reporting needs of the City, they are designed to extend the life cycle of FMS at minimal cost while providing some increased reporting capabilities. Replacing the current FMS system will be explored when the general economic situation improves.

Assessing the City's Infrastructure

In 2001-02, the City successfully implemented the new Governmental Accounting Standards Board Statement 34 (GASB 34) that required new reporting for fixed assets and infrastructure. The City's Comprehensive Annual Financial Report received an unqualified opinion from the outside auditor who did comment that the City needed to improve its tracking and controls over fixed assets. As part of the GASB 34 implementation, a new fixed asset accounting system was acquired, installed and converted in 2002-03. During 2003-2004, the fixed asset data was verified and updated as necessary. The new system assists staff in recording and tracking fixed assets and infrastructure according to the new guidelines.

City Service Area
Strategic Support
PERFORMANCE BY OUTCOME

Outcome 4: Sound Fiscal Management that Facilitates Meeting the Needs of the Community

5-Year Strategic Goals	CSA Performance Measures	2005-2009 5-yr Goal	2003-2004 1-yr Target	2003-2004 Estimate	2004-2005 1-yr Target
A. Maintain City's bond ratings	1. City's bond ratings: (General Obligation Bond Rating) <ul style="list-style-type: none"> • Moody's • Standard & Poor's • Fitch 	Aa1	Aa1	Aa1	Aa1
		AA+	AA+	AA+	AA+
		AA+	AA+	AA+	AA+
B. Improve and protect the financial management system and have it available to address short and long-term needs	1. % of customers rating Finance services as good or better, based on accuracy, timeliness and customer friendly processes	90%	80%	80%	90%
C. Customers have the financial information they need to make informed decisions	1. % of customers who say they have the financial information they need to make informed decisions.	90%	80%	77%	80%

City Service Area

Strategic Support Services

PROPOSED INVESTMENT CHANGES

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<i>Outcome:</i> A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS			
<i>Employee Benefits (Employee Services)</i>			
• Benefits Administration Funding Shift		0	(309,189)
<i>Health and Safety (Employee Services)</i>			
• Safety Analyst Funding Shift		(93,688)	(93,688)
<i>Training and Development (Employee Services)</i>			
• Training Program Hardware and Software		(32,700)	(32,700)
<i>Strategic Support (Employee Services)</i>			
• Administrative Staffing Realignment		(26,985)	(26,985)
• Cellular Telephone Service Cost Efficiencies		(740)	(740)
<i>Subtotal</i>	0.00	(154,113)	(463,302)
<i>Outcome:</i> SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT			
<i>Equality Assurance (Public Works)</i>			
• Labor Compliance Funding Shift		0	0
<i>Facilities Management (General Services)</i>			
• Facilities Management Contractual Services		(546,924)	(546,924)
• Service Yards Management Funding Shift		0	(150,411)
• Facilities Management Staffing Levels	(1.00)	(82,232)	(82,232)
• Vehicle Maintenance Funding Reduction		(20,000)	(20,000)
<i>Fleet & Equipment Services (General Services)</i>			
• Vehicle Maintenance Staffing and Contractual Services	(2.00)	(492,788)	0
• Vehicle Maintenance Funding Reduction		(1,000)	0
<i>Materials Management (General Services)</i>			
• Materials Management Staffing Levels	(1.00)	(59,006)	(59,006)
<i>Plan, Design and Construct Public Facilities and Infrastructure (Public Works)</i>			
• Right-Sizing of Public Works Capital Improvement Program Staffing - Accelerated Vacancy Cuts	(23.00)	(1,954,030)	0
• Right-Sizing of Public Works Capital Improvement Program Staffing	(7.00)	(581,295)	0
• Traffic Capital Improvement Program Staffing Reallocation to Public Works Fee Program	(3.00)	(233,365)	0
• Public Works Cost Allocation Plan Redeployment		(102,475)	(102,475)
<i>Purchasing (General Services)</i>			
• General Services Administrative and Technical Support Staffing	(2.00)	(158,190)	(158,190)
<i>Strategic Support (General Services)</i>			
• Property Management Staffing	(1.00)	(90,728)	(90,728)
• General Services Analytical Support Staffing	(1.00)	(85,144)	(85,144)
• Cellular Telephone Service Cost Efficiencies		(18,190)	(18,190)

Strategic Support Services

PROPOSED INVESTMENT CHANGES

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
Outcome: SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT (CONT'D.)			
<i>Strategic Support (Public Works)</i>			
• Right-Sizing of Public Works Capital Improvement Program Staffing - Accelerated Vacancy Cuts	(5.00)	(450,802)	0
• Right-Sizing of Public Works Capital Improvement Program Staffing	(4.00)	(317,584)	0
• Public Works Cost Allocation Plan Redeployment	0.91	(9,463)	(210,932)
• Capital Improvement Program Support	(1.00)	(89,563)	0
• Cellular Telephone Service Cost Efficiencies		(42,726)	(42,726)
• Vehicle Maintenance Funding Reduction		(20,000)	(20,000)
<i>Subtotal</i>	(50.09)	(5,355,505)	(1,586,958)
Outcome: EFFECTIVE USE OF STATE-OF-THE-ART TECHNOLOGY			
<i>Network & Communication Services (Information Technology)</i>			
• Information Technology Staffing	(4.50)	(312,321)	(262,054)
• Desktop Telephone and Maintenance Efficiencies		(150,200)	(150,200)
• Software/Hardware Technology Efficiencies		(59,000)	(59,000)
• Network and Communication Supplies Efficiencies		(47,007)	(47,007)
• Cellular Telephone Service Cost Efficiencies		(19,756)	(19,756)
• Technology Supplies and Materials Efficiencies		(4,851)	(4,851)
• Vehicle Maintenance Funding Reduction		(2,000)	(2,000)
<i>Technology Customer Support (Information Technology)</i>			
• Police Department Technical Support	(2.00)	(185,989)	(185,989)
• Information Technology Administrative Staffing	(1.50)	(83,943)	(83,943)
• Network Consolidation Efficiencies	(1.00)	(81,902)	(16,117)
• Technology Supplies and Materials Efficiencies		(16,084)	(16,084)
• Software/Hardware Technology Efficiencies		(3,000)	(3,000)
• Technology Support Staffing Funding Shift		0	(200,589)
<i>Technology Solutions Consulting (Information Technology)</i>			
• Technology Support Staffing Funding Shift		0	(12,714)
<i>Strategic Support (Information Technology)</i>			
• Technology Supplies and Materials Efficiencies		(52,993)	(52,993)
<i>Subtotal</i>	(9.00)	(1,019,046)	(1,116,297)
Outcome: SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY			
<i>Financial Management (Finance)</i>			
• Business Information Management System Lead Project		200,000	200,000
• Finance Administrative Staffing	(1.17)	(117,732)	(105,885)
• Financial Advisory Services		(22,000)	(22,000)
• Recycle Plus Cashiering Services			(27,323)

City Service Area

Strategic Support Services

PROPOSED INVESTMENT CHANGES

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
<i>Outcome: SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY (CONT'D.)</i>			
<i>Strategic Support (Finance)</i>			
• Administrative Support Staffing Funding Shift			(35,322)
• Finance Administrative Staffing Reductions	(1.83)	(177,983)	(147,566)
• Network Support Staffing	(1.00)	(79,689)	(55,782)
• Cellular Telephone Service Cost Efficiencies		(625)	(625)
<i>Subtotal</i>	(4.00)	(198,029)	(194,503)
<i>Other Changes</i>			
<i>City-Wide Expenses (City-Wide)</i>			
• City Auditor's Office Performance Audit		0	(5,000)
• Community Based Organizations Funding Reduction		0	(105,616)
• Customer Service Call Center		0	(8,300)
• Downtown Employee Parking		0	(307,800)
• Community Report Card		0	(220,400)
• Training and Continuous Improvement Program		0	(100,000)
• Tuition Reimbursement Program		0	(75,000)
<i>General Fund Capital, Transfers, and Reserves (City-Wide)</i>			
• Earmarked Reserves: Salary and Benefit Reserve		0	(1,822,160)
• Earmarked Reserves: Communications, Computers, and Equipment Reserves		0	(493,000)
<i>Subtotal</i>	0.00	0	(3,137,276)
Total Proposals	(63.09)	(6,726,693)	(6,498,336)

CITY SERVICE AREA
A cross-departmental collection of core services that form one of the City's 7 key "lines of business"

MISSION STATEMENT
Why the CSA exists

Strategic Support CSA

Mission:

To effectively develop, manage and safeguard the City's fiscal, physical, technological and human resources to enable and enhance the delivery of City services and projects.

CSA OUTCOMES
The high level results of service delivery sought by the CSA partners

Outcomes:

- A High Performing Workforce that is Committed to Exceeding Customer Expectations
- Safe and Functional Public Infrastructure, Facilities, Materials and Equipment
- Effective Use of State-Of-The-Art Technology
- Sound Fiscal Management that Facilitates Meeting the Needs of the Community

PRIMARY PARTNERS
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES
Primary deliverables of the organization

Finance Department

Core Services:

Disbursements

Financial Management

Financial Reporting

Employee Services Department

Core Services:

Employee Benefits

Employment Services

Health and Safety

Training and Development

Strategic Support CSA (Cont'd.)

PRIMARY PARTNERS (CONT'D.)
Departments with Core Services that contribute to achievement of CSA Outcomes

CORE SERVICES (CONT'D.)
Primary deliverables of the organization

Public Works Department

Core Services:

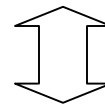
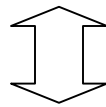
Equality Assurance

Plan, Design and Construct Public Facilities and Infrastructure

Retirement Department

Core Services:

Administer Retirement Plans



Redevelopment Agency

Core Services:

Initiate and Facilitate Public Facilities and Spaces

General Services Department

Core Services:

Facilities Management

Fleet and Equipment Services

Materials Management

Purchasing

Information Technology Department

Core Services:

Citywide Data Management

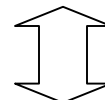
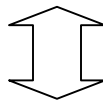
Network and Communication Services

Technology Customer Support

Technology Solutions Consulting

Technology Strategic Planning

OPERATIONAL SERVICES
Elements of Core Services; the "front-line" of service delivery



STRATEGIC SUPPORT
Organization-wide guidance and support to enable direct service delivery



Strategic Support CSA

Core Service: Administer Retirement Plans *Retirement Services Department*

Core Service Purpose

Implement policies and procedures to deliver retirement benefits and maintain the retirement plans.

Key Operational Services:

- | | |
|--|---|
| <input type="checkbox"/> Supervise Investment of Plan Assets | <input type="checkbox"/> Provide Retirement Planning & Counseling |
| <input type="checkbox"/> Administer Retirement Benefits | <input type="checkbox"/> Analyze, Develop & Recommend Retirement Policy |

Performance and Resource Overview

The purpose of the “Administer Retirement Plans” core service is twofold. One purpose is to deliver retirement benefits to the retired employees of the City of San José and educate and market the retirement plan to active and future employees. The other purpose is to maintain fiscally sound retirement plans. The Administer Retirement Plans core service supports the Strategic Support CSA outcome of *A High Performing Workforce that is Committed to Exceeding Customer Expectations*. The Retirement Services Department is organized into the following operational services, which are keys to meeting the mission of the core service:

Supervise Investment of Plan Assets

To maintain a fiscally sound plan, Retirement Services staff supervises the investment of assets in the retirement plans. There are two separate funds, one for the Police and Fire Department Retirement Plan (P&F) and the other for the Federated City Employee Retirement System (FCERS). The investment team monitors the external investment managers and ensures that they comply with the Retirement Boards’ investment policies and guidelines. Currently, the investment team oversees \$3.3 billion in assets, including eight real estate properties in six states. Strong relationships are established and maintained between staff and the various investment managers, custodian banks and financial consulting firms in order for staff to effectively administer the retirement plans and report on their performance to the Retirement Boards.

Last year, as of June 30, 2003, the investment program produced a rate of return of 5.4% for P&F and 6.9% for FCERS which is less than the actuarial assumed rate of return of 8% for P&F and 8.25% for FCERS, but higher than the average public fund plan which returned 3.9%. Results were achieved within the policy risk levels for the plans. The priority during the year was to continue to rebalance the portfolio following the completion of an asset liability study and manager structure analysis toward the target allocations for FCERS. The P&F Plan initiates an asset liability study in 2003-2004. Current targets are as follows:

Strategic Support CSA

Core Service: Administer Retirement Plans *Retirement Services Department*

Performance and Resource Overview (Cont'd.)

Supervise Investment of Plan Assets (Cont'd.)

	P&F	FCERS
Domestic Equities	35%	43%
International Equities	15%	15%
International Emerging Equities	5%	0%
Domestic Fixed income	28%	29%
International Fixed	5%	7%
Real Estate	12%	6%

The Department continues to work on improving the investment program. The retirement boards are taking a more active interest in corporate governance and have become members of the Council of Institutional Investors to further this endeavor. Staff estimates it will monitor 100% of the portfolios for compliance with the Retirement Boards' Investment Policy Statement in 2003-2004. For 2004-2005, the target for compliance continues to be 100%.

Provide Retirement Planning and Counseling

The Department provides retirement planning and counseling to active and retired employees. Individual counseling is provided to each employee prior to retirement to ensure that they understand the benefits they are eligible to receive. The Department also conducts educational programs, including brown bag lunches, that address financial and retirement issues for active and retired members of the retirement plans.

In 2004-2005, Retirement Services will continue to offer the 'CHOICES' pre-retirement education program. Active employees within five years of retirement are encouraged to attend a seven-week course geared toward planning and preparing for their retirement future. The series covers a wide variety of topics including retirement benefits, health and dental benefits, financial planning, deferred compensation, health issues, wills, and estate planning.

Historically, Retirement Services has conducted similar series for early and mid-career employees. However, in response to low turnout, the Department conducted customer focus groups at the beginning of 2003-2004 to identify better ways to reach this audience. Through that process, employees indicated that they would be more interested in retirement preparation programs that better fit their schedules and locations within the City. They cited the 7-week, one-evening-per-week format as being a barrier to their ability or willingness to attend so far in advance of retirement.

In 2004-2005, Retirement Services intends to address these concerns by offering early and mid-career "CHOICES" programs that are conducted at lunchtime and at various locations throughout the City. These programs will be presented at the customers' convenience in formats similar to the already-existing 'Brown Bag' classes. Retirement intends to offer these classes as part of an overall certificate program through which participants can obtain a certificate of achievement upon completing a minimum number of core and elective classes at their leisure.

Strategic Support CSA

Core Service: Administer Retirement Plans *Retirement Services Department*

Performance and Resource Overview (Cont'd.)

Administer Retirement Benefits

The Retirement Services Department administers retirement benefits, including providing retirement checks and direct deposits for retirees, enrolling retirees in the health and dental plans, and accounting for contributions and expenses for the retirement plans.

Additionally, the Department implements Board-approved changes and improvements to the retirement plans. In 2003-2004, the Department implemented a newly agreed upon methodology for distributing payments from the FCERS Supplemental Retirement Benefit Reserve (SRBR). This methodology was identified in a joint effort between City staff, the bargaining units, and retiree representatives and was approved by the FCERS Board and the City Council. The first distribution took place in February 2004.

Furthermore, the Department is involved in identifying and implementing administrative improvements to the plans. In 2003-2004, Retirement Services implemented two technological enhancements that focus on improving administrative efficiency and customer service delivery.

These enhancements include a new document imaging system that allows the Department to convert members' individual paper files to electronic documents through a scanning process. Member files are now available to Retirement staff from their computer workstations. This technology will improve file security and customer service by ensuring that data is securely stored and readily available to staff members with assigned access.

In addition, Retirement Services is creating a new website that allows members to access a variety of information. Members will be able to run retirement benefit estimates on-line and verify current designated beneficiaries. Members will also be able to access retirement benefit handbooks, health and insurance benefit information, retirement applications and forms, training class schedules, and other retirement-related information.

Analyze, Develop and Recommend Retirement Policy

The Retirement Services Department also analyzes, develops and recommends retirement policy for the Boards. Recommendations are made on specific issues, policies and procedures. Each year the Retirement Boards' investment committees prepare a work plan with projects for the year. Projects may include reviewing the asset allocation of the plan, updating the investment policy and determining the added value and risk of a specific investment. In addition, various other projects not related to investments are also scheduled for completion during the year, including the actuarial valuations. For 2003-2004, it is estimated that staff will complete projects in the agreed upon time frame 91% of the time, which is slightly below the target of 97%. In 2004-2005, the target has been revised downward to 93% as a result of a prolonged vacancy in the Deputy Director classification. The Department will continue recruitment activities in 2004-2005 with the goal of filling this position in the first quarter of the year.






Strategic Support CSA

Core Service: Administer Retirement Plans *Retirement Services Department*

Performance and Resource Overview (Cont'd.)

Performance Measure Development

The cost measure has been restated in terms of administrative costs per \$1 million of assets (instead of % of assets) to clarify the comparison of City administration costs to the average cost of other, similar plans. The target remains at plus or minus 10 percent of the average administrative cost per \$1 million of assets for similar retirement plans.

Administer Retirement Plans Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of employees that feel that Retirement Services had a positive impact on their ability to make decisions to achieve retirement goals	95%	90%	95%	90%
 % of portfolios analyzed for compliance with investment policy	100%	100%	100%	100%
 Admin. cost of City plans compared to similar plans	(9.2%)	±10%	(11.7%)	±10%
 Information needed by the Boards and members is delivered in the agreed upon time frame	89%	97%	91%	93%
 % of Boards and members that rate department services as very good or excellent based on accuracy and usefulness of work	91%	90%	91%	90%

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of active & retired members surveyed	132	120	150	150
Number of employees reporting a positive impact	121	108	135	135
Number of portfolios	35	35	35	36
Number of portfolios analyzed annually	35	35	35	36
Admin. Cost per \$1 million of assets:				
-Combined City Plans	\$4,860	\$5,920	\$5,150	\$5,530
-Average of similar plans	\$5,300	N/A	\$5,830	N/A
Number of items completed on time	142	176	189	183
Number of items due on the "To Do" list	10	6	17	13
Number of items due on Workplan	24	30	25	32

Strategic Support CSA

Core Service: Administer Retirement Plans *Retirement Services Department*

Performance and Resource Overview (Cont'd.)

Administer Retirement Plans Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2003-2004 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,702,934	\$ 2,014,693	\$ 2,076,190	\$ 2,076,190	3.1%
Non-Personal/Equipment	N/A	N/A	N/A	N/A	N/A
Total	\$ 1,702,934	2,014,693	\$ 2,076,190	\$ 2,076,190	3.1%
Authorized Positions	20.10	21.10	21.10	21.10	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Strategic Support CSA

Core Service: City-Wide Data Management *Information Technology Department*

Core Service Purpose

Manage the City's data so that critical business processes remain operational.

Key Operational Services:

☐ Desktop Support

☐ Data Production

Performance and Resource Overview

The purpose of the City-Wide Data Management Core Service is to administer critical data systems to ensure the quality and availability of data. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology*.

This core service provides data administration for approximately 30 enterprise databases. Data administration includes monitoring, maintenance, and implementation of patches and upgrades, which improves the stability and performance of enterprise databases. The performance of this core service is measured by the enterprise level databases of the Financial Management System and the Human Resources/Payroll System. The estimated percentage of time data will be available during 2003-2004 is 99.82%, an improvement compared to actual availability for 2002-2003, which was 99.43%.

In 2003-2004, the Department continued to develop the data warehousing process, which integrates data from a variety of sources while minimizing impacts to production systems. The data warehouse contains data from the City's Financial Management, Human Resources/Payroll, San José Permits Online, Geographic Information System (GIS), and Business License systems. Current applications that use the data warehouse include the Capital Improvements Program (CIP) and the Employee Badge applications, as well as several other departments using the database for analytical purposes. A multi-departmental team comprised of the Finance Department, City Manager's Office, and the Parks, Recreation and Neighborhood Services Department managed the implementation of the project. Future plans include incorporating the warehouse into the Integrated Customer Service Utility Billing Performance Management System (CUSP), GIS Repository, and the Unified Customer Database.

The City was one of the original large cities to develop and use GIS technologies. As the use of GIS has evolved throughout the organization, City departments have begun to develop their own systems raising concerns about standardization and efficiency of the GIS system. In response to the lack of commonality, the Information Technology Planning Board (ITPB) began investigating the need to establish clear standards, policies, procedures and a governance strategy that promotes an integrated GIS enterprise-wide approach. In this effort, a Standards Committee has been formed to create a business case supporting a single repository for GIS data. This effort will be the first critical

Strategic Support CSA

Core Service: City-Wide Data Management *Information Technology Department*





Performance and Resource Overview (Cont'd.)

step in integrating GIS city-wide and enhancing the service delivery of all CSAs, in particular, the Public Safety CSA Computer Aided Dispatch (CAD)/Automatic Vehicle Location System (AVL) Project, as discussed in the Technology Solutions Consulting Core Service Section. The ITPB will review the work accomplished in this area in the first quarter of 2004-2005.

In 2003-2004, the Information Technology Department continued work on implementing an automated work order system as part of a larger Department-wide Business Improvement Process. This project is discussed further in the Technology and Customer Support Core Service section.

Performance Measure Development

During 2004-2005, the Department will consolidate the five existing core services into three core services. This core service will merge with Technology Customer Support to become the new Corporate Applications core service. The core service performance measures will be reviewed and, if necessary, changed to accurately reflect and measure the services contained within the new core service.

City-Wide Data Management Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of time data is available to approved data users during normal business hours	99.43%	100%	99.82%	100%
 Total cost of resources dedicated to city-wide data management/total IT budget	4%	4%	4%	4%
 % of customer requests responded to and resolved within a response time of 4 hours*	-	TBD	TBD	TBD
 % customers rating availability and quality of data as good or excellent*	56%	TBD	TBD**	80%

* See Performance Measure Development section.

** Survey to be completed in the fourth quarter of 2003-2004.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Total IT budget	\$17,505,459	\$16,662,907	\$16,025,000	\$16,342,999
Total budget for data management	\$810,576	\$875,508	\$875,508	\$946,530

Strategic Support CSA

Core Service: City-Wide Data Management *Information Technology Department*

Performance and Resource Overview (Cont'd.)

City-Wide Data Management Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 367,625	\$ 343,112	\$ 414,134	\$ 414,134	20.7%
Non-Personal/Equipment	442,951	532,396	532,396	532,396	0.0%
Total	\$ 810,576	\$ 875,508	\$ 946,530	\$ 946,530	8.1%
Authorized Positions	3.10	2.85	3.25	3.25	14.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Strategic Support CSA

Core Service: Disbursements *Finance Department*

Core Service Purpose

To coordinate payment of the City's financial obligations.

Key Operational Services:

☐ Accounts Payable

☐ Payroll

Performance and Resource Overview

This core service is responsible for coordinating various payments for all City departments. Customers for this service include City employees, consultants, contractors and all other vendors the City pays for goods and services. The objectives of this core service include accurate and timely payments to City employees and vendors as well as timely responses to requests for information. This core service supports the CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community*.

Staff collects and analyzes performance data by identifying activities and outputs involved in issuing vendor payments and employee paychecks. In 2003-2004, it is estimated that the cost per paid invoice of \$3.40 will be below the established target of \$3.67. The decrease is due to staff level reductions and a decrease in number of invoices. The number of invoices decreased from 295,000 to 275,000, or 7 percent. The 2004-2005 target of \$3.50 reflects a minor increase in costs for salary and benefit adjustments and an anticipated decrease in total invoices paid resulting from an expected decline in purchasing activity citywide.

During 2003-2004, staff continued to explore options for process improvements in both the accounts payable and payroll operations. For 2003-2004, 87% of the 275,000 vendor invoices and other payments are estimated to be paid accurately and on-time. This represents a 6% increase over 2002-2003 levels. The percentage of vendor invoices paid within 30 days is estimated to be at 66%. The average number of days from the date of the invoice to check issuance remained unchanged at 33 days.

To ensure that departments have the requisite knowledge to input invoice information correctly into the Financial Management System, the Finance Department continues to offer training to departments on an as-needed basis or by request. Departments will continue to receive quarterly reports that provide a comparison of their performance in relation to the city-wide cycle time measure.





Strategic Support CSA

Core Service: Disbursements


Finance Department

Performance and Resource Overview (Cont'd.)

In Payroll Services, PeopleSoft software modifications and upgrades continued to translate into improved efficiencies in payroll processes. Enhancements in timekeeping and labor cost reporting will improve efficiencies. Time keeping, on-line adjustments, and exception time reporting testing is successfully underway and showing excellent results.

Disbursements Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of invoices paid accurately and on-time	81%	83%	87%	85%
 Cost per paid invoice	\$3.51	\$3.67	\$3.40	\$3.50
 Average number of days from invoice receipt to check issuance	33	33	33	34
 % of customers who rate disbursement services as good or excellent on a 5-pointing scale based on courteous and timely responses to information	92%	80%	N/A*	87%

* Survey to be completed in fourth quarter of 2003-2004.

Selected Operational Measures	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
 % of vendor invoices paid within 30 days	65%	65%	66%	66%

Strategic Support CSA

Core Service: Disbursements Finance Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Total cost for Disbursement Services*	\$1.48M	\$1.08M	935,000	945,000
Total number of checks issued	240,339	240,000	226,000	240,000
Total number of invoices paid	295,005	295,000	275,000	270,000
- Vendor invoices paid	85,549	85,000	77,500	77,000
- Vendor invoices paid within 30 days	55,187	55,000	51,000	51,000
Total number of accurate payments	237,653	245,000	241,000	245,000
Total number of survey responses	388	100	330	300

* Includes only direct costs of issuing checks and excludes costs of administrative functions, customer support functions, and data maintenance associated with check issuance.

Disbursements Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,402,932	\$ 1,455,837	\$ 1,440,401	\$ 1,440,401	(1.1%)
Non-Personal/Equipment	80,797	36,110	35,910	35,910	(0.6%)
Total	\$ 1,483,729	\$ 1,491,947	\$ 1,476,311	\$ 1,476,311	(1.0%)
Authorized Positions	19.90	18.90	17.37	17.37	(8.1%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Strategic Support CSA

Core Service: Employee Benefits *Employee Services Department*

Core Service Purpose

Provide employee benefit programs that best meet the needs of employees, retirees, their dependents and the City, and assist participants to utilize their plans effectively.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Benefits Classes | <input type="checkbox"/> Customer Services, Counseling and Mediation |
| <input type="checkbox"/> Insurance Premium Payments | <input type="checkbox"/> HRIS-Benefits Module |
| <input type="checkbox"/> Claims Processing | <input type="checkbox"/> Administration and Maintenance |
| <input type="checkbox"/> Eligibility and Contribution Transfers | |

Performance and Resource Overview

The Employee Benefits core service supports the Strategic Support CSA Outcome: *A High-Performing Workforce that is Committed to Exceeding Customer Expectations*. This core service strives to provide employees with a wide array of high-quality and responsive benefits services, and to make accessing and utilizing these services as seamless and trouble-free to beneficiaries as possible. High-quality employee benefits are essential to being an “employer of choice” and to attracting and retaining a high-performing workforce.

The proposed investment of City funds for non-retirement employee benefits is over \$57 million for 2004-2005, details of which are included in the Statement of Source and Use of Funds for the Benefit Funds, found elsewhere in this document. In addition, employees may choose to pay for a number of voluntary benefits through payroll deductions such as supplemental life insurance, personal accident insurance, long-term disability, long term care, medical reimbursement accounts, dependent care accounts, and other insurance products. The total value of employee benefits administered, including both City and employee-paid benefits, is projected to be over \$63 million in 2004-2005.

Key accomplishments in 2003-2004 include the City’s association with O’Connor Hospital’s Workforce Health Initiative (WHI), implementation of the PeopleSoft COBRA module, and greater participation in the deferred compensation program. The WHI was first introduced during the 2003 Benefits Fair and gave employees the opportunity to obtain individualized health assessments. By reviewing these assessments from 2003 at a summary level and collecting this information prospectively, the City will be able to develop targeted health intervention programs and to better manage health insurance premiums in 2004-2005. The PeopleSoft COBRA module eliminates many of the manual activities (e.g., tracking against mandated time limits, distributing mandated correspondences on time, etc.) associated with the administration of this federally-mandated program. This increase in automation allows staff to more quickly resolve customer issues and to improve the accuracy of database information, which avoids many eligibility and payment issues.

Strategic Support CSA






Core Service: Employee Benefits *Employee Services Department*

Performance and Resource Overview (Cont'd.)

In the deferred compensation program, the higher annual deferral limits allowed by the Economic Growth and Tax Relief Reconciliation Act (EGTRRA) led to a 4.1% increase in deferrals (from \$31.9 million in 2002-2003 to an estimated \$36.0 million in 2003-2004).

Key performance objectives in 2004-2005 include the further development of health care cost reduction programs (including the WHI) and competitive processes in the health program, dental program and the deferred compensation plan for part-time, temporary and contractual employees.

For 2004-2005, it is proposed that the appropriate portions of positions that are dedicated to the administration of benefits currently funded by the General Fund be shifted to the Dental, Life, and Unemployment Insurance Funds. This reallocation will reflect the appropriate funding source and will not result in any service-level impacts.

Employee Benefits Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of providers in compliance with negotiated benefits	90%	91%	91%	91%
 Cost of benefits administration per FTE	\$141*	\$110	\$142*	\$150*
 % of requests for services resolved in one day	N/A	90%	94%	90%
 % of HRIS transactions completed within the target pay period	100%	100%	100%	100%
 % of participants rating benefit program products and services as good to excellent	N/A	80%	N/A**	80%

* Reflects a correction in calculation methodology for this measure.

** Due to workload constraints the survey will not be administered in 2003-2004.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Annual contributions to Deferred Compensation	\$31.9M	\$30.0M	\$36.0M	\$34.5M
% of employees contributing to Deferred Comp	66%	66%	66%	66%
% of employees/retirees enrolled in dental HMO	9%	9%	6%	5%

Strategic Support CSA

Core Service: Employee Benefits *Employee Services Department*

Performance and Resource Overview (Cont'd.)

Employee Benefits Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 768,351	\$ 863,733	\$ 936,966	\$ 936,966	8.5%
Non-Personal/Equipment	850,313	905,457	912,457	912,457	0.8%
Total	\$ 1,618,664	\$ 1,769,190	\$ 1,849,423	\$ 1,849,423	4.5%
Authorized Positions	10.15	10.15	10.00	10.00	(1.5%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS

1. Benefits Administration Funding Shift 0 (309,189)

Several positions in the Employee Services Department are dedicated to the administration of benefits. This proposal permanently shifts 3.2 positions (1.5 Staff Technician, 1.2 Analyst, and 0.5 Division Manager) from the General Fund to the Benefits Funds (Dental Insurance, Life Insurance and Unemployment Insurance) to more accurately align budgeted staffing levels with anticipated workload. The 2003-2004 General Fund savings associated with this proposal has already been included in the Department's previously approved 2003-2004 Cost/Position Management Plan. (Ongoing savings: \$0)

Performance Results:

No change to service levels will result from this action.

2004-2005 Proposed Core Service Changes Total	0	(309,189)
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Strategic Support CSA

Core Service: Employment Services *Employee Services Department*

Core Service Purpose

Facilitate the timely hiring of excellent employees, and administer the City's classification and compensation systems.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Recruitment, Assessment and Hiring | <input type="checkbox"/> Employee Placements |
| <input type="checkbox"/> Job Classification/Compensation | <input type="checkbox"/> Temporary Employment Program |

Performance and Resource Overview

The Employment Services core service supports the Strategic Support CSA outcome of *A High Performing Workforce that is Committed to Exceeding Customer Expectations*. This core service partners with client CSA representatives to conduct tailored job recruitments, administer candidate assessments for selected job classes, and ensure effective and efficient hiring processes. Despite the economic slow down and organizational downsizing, there continues to be a need to fill key positions, especially for public safety, capital projects, and priority community services. It is projected that over 600 employees will be hired in 2003-2004, including many in seasonal and part-time positions. For 2004-2005, Employment Services will likely hire approximately the same number of employees for positions that are primarily part-time, temporary and seasonal. The high percentage of the workforce at or near retirement age will result in a disproportionate number of experienced, senior employees leaving City employment in the near future, vacating some key positions that will need to be filled. At the same time, the supply of qualified applicants in the local job market will continue to be high (85 applicants per job posting). These trends all reinforce the importance of effective recruiting, screening, and hiring.

The City's progressive hiring system, adopted in March 2003 after a five-year pilot program, provides the means to achieve fast, efficient, and effective hiring of employees. However, work will continue in the coming year to ensure that hiring managers and Employee Services liaisons throughout the organization are trained in the skills needed to use the hiring system appropriately and to achieve fair and valid selection decisions. Employee Services will also continue to work on quality control reviews of individual hiring processes, and refinements of policies and operating procedures. These actions, in partnership with the labor-management Employment Oversight Committee and the Civil Service Commission will continue to improve the hiring process and the results it produces.

Employee Services also expanded its recruitment services to include executive recruiting in 2004. By successfully assisting with the recruitments of three key City executive-level positions, Employment Services provided a cost-effective alternative to the use of the traditional specialized search firms.

Strategic Support CSA

Core Service: Employment Services

Employee Services Department

Performance and Resource Overview (Cont'd.)

Classification and compensation services are also a key part of Employment Services. Classification and compensation services ensure that jobs are designed and described properly to support business needs, and sound organizational principles. Compensation work includes analyses and actions to promote market-based compensation, while also ensuring internal pay equity among City jobs. In times of downsizing, the way work is organized, distributed and completed within each part of the organization changes; therefore, the demand for classification and compensation services is high. A number of reorganizations within departments or CSA business units are in process and will require additional classification actions in 2004-2005.

Employment Services is also responsible for facilitating organization downsizing by administering placements, bumping, redeployment and layoffs of employees displaced because of budget reductions. In 2003-2004, staff successfully placed all 73 employees who were affected by position cuts into other City jobs, despite the elimination of an Analyst and Office Specialist position. In 2004-2005, the number of employees affected by position eliminations is expected to increase to 300 or more. With relatively few vacant positions remaining to place employees, Employment Services will need to generate and use seniority lists as well as work closely with departments and displaced employees to find possible and acceptable placements.

Employment Services also provides temporary employment resources for other CSAs by maintaining pools of employees and retirees available for temporary assignments. During the prolonged hiring freeze, the ability to use temporary employees provides a valuable alternative for staffing critical work. The City will continue to use temporary pool employees at a high level in 2004-2005.









Performance Measure Development

Performance measures for the Employment Services core service are proposed for revision in 2004-2005. These measures are intended to provide a more balanced assessment of the services provided and to allow comparisons with other agencies based on industry standards. The target time to complete recruitments will be linked directly to the hiring manager's specific target. Turnover rates will be used to provide an assessment of the organization's overall ability to retain employees and will be further broken down by key components of the workforce. The performance appraisal measure will allow an assessment of how well the organization is doing in hiring, developing and retaining good employees.

Strategic Support CSA

Core Service: Employment Services *Employee Services Department*

Performance and Resource Overview (Cont'd.)

Employment Services Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 Turnover Rates: Total, Non-Public Safety, Public Safety, and Information Technology Employees	5.8%	N/A*	N/A*	6%
 Turnover Rates: Total, Non-Public Safety, And Public Safety Employees	N/A*	N/A*	N/A*	6%
 Turnover Rates: Information Technology Employees	N/A*	N/A*	N/A*	8%
 % of employee performance reviews completed on schedule	N/A*	N/A*	N/A*	TBD*
 % of hiring managers rating probationary employees as meets standard or above	N/A*	N/A*	N/A*	TBD*
 Ratio of actual working days for external recruitment versus target	N/A*	N/A*	N/A*	1.0
 Ratio of actual working days for internal recruitment versus target	N/A*	N/A*	N/A*	1.0
 Working days to reclassify an occupied position	N/A*	N/A*	N/A*	TBD*

* New measure: baseline data to be collected in 2004-2005

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
New job postings, total	253	130	208	200
New job postings, internal	148	78	130	120
New job postings, external	105	52	78	80

Strategic Support CSA

Core Service: Employment Services *Employee Services Department*

Employee Services Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,121,737	\$ 1,006,412	\$ 898,541	\$ 898,541	(10.7%)
Non-Personal/Equipment	161,483	89,763	89,763	89,763	0.0%
Total	\$ 1,283,220	\$ 1,096,175	\$ 988,304	\$ 988,304	(9.8%)
Authorized Positions	15.00	12.00	10.00	10.00	(16.7%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Strategic Support CSA

Core Service: Equality Assurance *Public Works Department*

Core Service Purpose

To ensure that proper compensation and benefits are paid to workers performing work on City and Redevelopment Agency funded construction and housing contracts and City funded service and maintenance contracts.

Key Operational Services:

- ☐ Monitor, Investigate, and Resolve Labor Compliance Violations

Performance and Resource Overview

As a partner in the Strategic Support CSA, Equality Assurance staff is responsible for ensuring that City contractors pay their employees proper wages and benefits. This is a highly labor intensive process requiring review and verification of fringe benefits, certified payroll records, on-site interviews and resolution of all classification, wage, and benefit, discrepancies and complaints.

For 2004-2005, the core services will have 11 positions to carry out Equality Assurance responsibilities. This represents an 8% reduction from 2003-2004 staffing levels and a 21% reduction from 2002-2003 levels. However, even during this time of economic uncertainty, the number of contracts awarded with wage requirements remains on par with 2000-2001 levels. Since 2000-2001, the number of labor compliance violations identified has increased by 157%. In 2002-2003, the amount of wages recovered and paid to workers was \$675,000. For 2004-2005, the Redevelopment Agency will provide \$80,000 for labor compliance services, a reduction of 20% from the 2003-2004 funding level.

The service level impacts associated with eliminating two Contract Compliance Specialists during the 2003-2004 budget process have been mitigated by the establishment of a more strategic monitoring approach that puts more emphasis on preventing labor compliance violations. There will, however, be service level impacts associated with the March 2004 elimination of a recently vacated Contract Compliance Coordinator, included in the General Fund 100 Vacant Position Elimination Plan. These impacts have included increased response times to 1) provide classifications for service and maintenance contracts; 2) identify labor compliance violations, and 3) ensure compliance and recover back wages for affected workers. The “% of service and maintenance classification determinations issued within 3 days of department request” during 2003-2004 is estimated at 70%, equaling the 2003-2004 target.

Equality Assurance is planning on several innovations in 2004-2005 to help mitigate these service level impacts, including the use of on-line compliance reporting for large Public Works contracts and an increase in the use of Public Works inspectors to assist with compliance monitoring. In

Strategic Support CSA





Core Service: Equality Assurance *Public Works Department*

Core Service Purpose

addition, Equality Assurance is implementing a new procedure that will strengthen and ensure compliance on service and maintenance contracts. Equality Assurance staff is anticipating the full effect of new requirements for withholding payment and assessing liquidated damages for wage violations, with the hope that there will be more timely document submittals and fewer wage violations.

Performance Measure Development

For 2004-2005, new performance measures are proposed for this core service that reflect the importance of ensuring labor compliance by City contractors. It is proposed that the performance measure for quality be changed from “% of construction projects completed and closed without labor violations” to “% of contracts with wage requirements that are brought into compliance.” The proposed measure for quality was developed in response to input received from stakeholders to more accurately reflect the type of work being performed and the effectiveness of staff at bringing contractors into compliance using the new tools. It is also proposed that the performance measure for cost be changed from “\$ per contract monitored” to “Cost of labor compliance services as a percentage of total \$ amount of contracts with wage requirements.” The new cost measure accurately demonstrates the overall cost of service delivery for the Equality Assurance core service. Finally, an additional cycle time measure “% of letters and labor compliance documents mailed to contractor within 10 days of Council award” has been added to demonstrate timeliness of service delivery for external customers.

Equality Assurance Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of contracts with wage requirements that are brought into compliance*	-	-	-	100%
 Cost of labor compliance services as a percentage of total \$ amount of contracts with wage requirements	-	-	-	TBD*
 % of service and maintenance classification determinations issued within 3 days of department request	71%	70%	70%	70%
 % of letters and labor compliance document mailed to contractor within 10 days of Council award*	-	-	-	TBD*

* New performance measure; baseline will be established in 2004-2005.

Strategic Support CSA

Core Service: Equality Assurance Public Works Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of contracts with wage requirements	3,149	1,800	2,150	2,500
Number of contracts with labor compliance violations identified	134	120	120	100
Number of contractors' employees owed restitution	826	600	600	550
Total \$ amount of restitution owed to employees	\$674,760	\$600,000	\$600,000	\$500,000

Equality Assurance Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,090,279	\$ 1,139,503	\$ 1,073,184	\$ 1,073,184	(5.8%)
Non-Personal/Equipment	26,759	27,315	27,115	27,115	(0.7%)
Total	\$ 1,117,038	\$ 1,166,818	\$ 1,100,299	\$ 1,100,299	(5.7%)
Authorized Positions	14.00	12.00	11.00	11.00	(8.3%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes by Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT			
1. Labor Compliance Funding Shift		0	0
This proposal shifts the funding for 0.25 Contract Compliance Coordinator from capital funds to the Airport Maintenance and Operation Fund. This proposal will more effectively align budgeted Equality Assurance Staffing levels with projected workloads in the capital and Airport programs (Ongoing cost: \$0)			
Performance Results: No change to service levels will result from this action.			
2004-2005 Proposed Core Service Changes Total	0.00	0	0

Strategic Support CSA

Core Service: Facilities Management *General Services Department*

Core Service Purpose

Provide safe, efficient, comfortable, attractive and functional buildings and facilities.

Key Operational Services:

- | | |
|--|---|
| <input type="checkbox"/> Facilities Maintenance Services | <input type="checkbox"/> Technical Services |
| <input type="checkbox"/> Facilities Improvement Services | <input type="checkbox"/> Graffiti Abatement |
| <input type="checkbox"/> Special Event Support Services | |

Performance and Resource Overview

Facilities Management is responsible for maintaining the City's building infrastructure through preventive and corrective maintenance and the implementation of facility improvements to enhance service delivery and the user's experience. This core service contributes to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment*. Facilities Management supports the CSA outcome by striving to ensure that all of the City's facilities meet the following criteria:

- Safe to occupy, operate and use
- Functional to the operations supported and to the needs of the customers served
- Efficient building components and systems
- Attractive to the public and the surrounding neighborhoods
- Comfortable for the occupants and users

The economic environment continues to present significant challenges in sustaining the existing maintenance service levels and maintaining the overall condition of City facilities. As such, Facilities Management is proposing strategies to achieve operational savings while minimizing the impacts to customers and City facilities. However, given the severity of the need for cost savings, service level reductions are unavoidable.

Facilities Management will continue to focus on 1) finding ways to achieve operational savings; 2) reducing contractual services with minimal impact; 3) shifting General Fund costs to capital funding where the shift can be aligned with services provided; and 4) prioritizing resources to maintain a minimum basic level of service and to respond to emergencies.

Facilities Management will achieve savings in 2004-2005 in a number of ways. Primarily, contractual services and the associated budget typically utilized to supplement corrective maintenance activities will be reduced. Facilities Management's primary focus will be preventative maintenance tasks that prolong the useful life of building systems and ensure the reliability of those systems.

Strategic Support CSA

Core Service: Facilities Management *General Services Department*

Performance and Resource Overview (Cont'd.)

Thus, the number of preventative work orders completed will increase when comparing the 2003-2004 estimated levels to the 2004-2005 forecast and the number of corrective work orders completed will decrease when comparing the 2003-2004 estimated levels to the 2004-2005 forecast. Corrective maintenance needs will be addressed but only at the very basic level and restricted to what is minimally required to ensure the proper operation of each facility. Health and safety concerns will continue to be immediately mitigated.







Custodial services are an integral part of maintaining City facilities. Basic custodial services include cleaning and stocking restrooms, collecting garbage, recycling, and replacing lamps in some locations. Cleaning windows, dusting and providing minimal floor care are also included in the custodial services contracts at select locations. With the exception of the Civic Center Complex, all the Fire stations, and the old Dr. Martin Luther King Jr. Main Library, custodial services at most City facilities are contracted out. In an attempt to align with the Recreation and Cultural Services CSA community center “hub” model, Facilities Management proposes a custodial contract reduction to align with the facilities anticipated to be closed and reduced in operational hours. In addition, all remaining contractual floor core services are proposed to be eliminated. In-house staff will still perform some floor care, but only to mitigate emergencies and health and safety concerns.

The performance measure “% of facilities with a condition assessment rating of very good or excellent” has significantly benefited from the “Decade of Investment”. The original target was set assuming the economy and reduced resources would hinder improvement in this performance measure; however, the results have exceeded expectations due to several investments in the infrastructure through the Capital Improvement Program. As a result of this, an increase in performance is also anticipated in 2004-2005. However, sustaining these improvements will be a difficult challenge in future years. The relatively low performance measure “% of non-health and safety work completed within time standards” targeted in 2004-2005 at 65%, combined with the decreasing number of work orders completed are indications of Facilities Management’s inability to address all maintenance needs in a timely manner. This may not have immediate impacts, but will gradually be realized by declining conditions in facilities after the “Decade of Investment” is completed.

Strategic Support CSA

Core Service: Facilities Management General Services Department

Performance and Resource Overview (Cont'd.)

Facilities Management Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of facilities with a condition assessment rating of very good or excellent	17%	12%	32%	40%
 Cost of maintenance/total square feet to be maintained	\$5.52	\$5.90	\$5.20	\$5.90
 % of health and safety concerns addressed within 24 hours	100%	100%	100%	100%
 % of non-health and safety work completed within time standards	69%	60%	70%	65%
 % of customers who rate service as very good or excellent	86%	60%	85%	80%
 % of public who rate publicly assessed buildings as very good or excellent	63%	57%	61%	61%

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Total number of corrective work orders completed	7,365	7,100	6,291	6,000
Total number of preventive work orders completed	3,420	8,300	2,795	4,000
New square footage added during the period	19,194	89,200	63,200	641,019
Total square footage maintained	1.64M	1.73M	1.70M	2.24M

Facilities Management Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 6,911,351	\$ 6,971,192	\$ 6,790,437	\$ 6,730,628	(3.5%)
Non-Personal/Equipment	5,552,756	5,472,680	5,354,501	4,765,154	(12.9%)
Total	\$ 12,464,107	\$ 12,443,872	\$ 12,144,938	\$ 11,495,782	(7.6%)
Authorized Positions	93.00	85.00	79.00	78.00	(8.2%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Facilities Management General Services Department

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT

1. Facilities Management Contractual Services (546,924) (546,924)

This proposal reduces the custodial services contract to align with the community center "hub" model proposed in the Recreation and Cultural Services CSA and detailed in the Life Enjoyment Services core service. This proposal also reduces the non-personal/equipment appropriation by \$483,000 (\$383,000 contractual services, \$100,000 supplies and materials). The materials funding reduction will limit the ability of in-house staff to purchase equipment and materials necessary to complete repairs and perform maintenance. The contractual services funding reduction will limit the departments' ability to perform work requests that the workforce cannot immediately address. This funding was also used to provide a limited amount of floor care service. These reductions are partially offset by an increase in funding for preventative maintenance and minor repairs for two new facilities coming on-line in 2004-2005. This includes the Gardner Community Center and the West Community Policing Center. (Ongoing savings: \$579,700)

Performance Results:

Cost Some maintenance activities may need to be charged to alternate funding sources. **Cycle Time** The percentage of non-health and safety work completed within time standards will decrease 5% from 2003-2004 estimated levels. **Customer Satisfaction** The percentage of the public who rate publicly accessed buildings as good or excellent is expected to decrease when the next city-wide survey is conducted in 2005-2006. The percentage of customers who rate service as good or excellent may also decrease. Combined with the loss of staffing included in other proposals in this core service, this decrease is expected to be 5%.

2. Service Yards Management Funding Shift* 0 (150,411)

This proposal transfers one half of the funding for three filled positions (Analyst, Associate Engineering Technician, and Trades Supervisor) from the General Fund to the Service Yards Capital Program. Funding these positions from Construction and Conveyance Tax funds will more accurately align staffing resources with anticipated workload in 2004-2005. (Ongoing savings: \$0)

Performance Results:

No change to service levels will result from this action.

3. Facilities Management Staffing Levels (1.00) (82,232) (82,232)

This proposal eliminates a filled Senior Custodian and associated non-personal/equipment funding. This position provides services to the Civic Center Complex. The night shift will maintain a single supervisor, although direct supervision will be diminished. (Ongoing savings: \$87,669)

Performance Results:

Customer Satisfaction Overall facility cleanliness will be impacted at the Civic Center. The decrease in direct supervision will result in a loss of versatility in the night shift work force. As a result, the percentage of customers who rate service as good or excellent at the Civic Center may decrease from 2003-2004 estimate.

Strategic Support CSA

Core Service: Facilities Management *General Services Department*

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT (CONT'D.)			
4. Vehicle Maintenance Funding Reduction		(20,000)	(20,000)
This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the Fleet and Equipment Services core service and decreasing contractual services funding. The impact of this reduction is a cost savings of \$492,788 city-wide, of which \$394,230 is generated in the General Fund. The cost savings in the General Services Department, Facilities Management Core Service is \$20,000. (Ongoing savings: \$20,000)			
Performance Results:			
Cycle Time Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods.			
Customer Satisfaction Customer Satisfaction may be impacted due to possible cycle time increases however, they are anticipated to be minimal due to the reduced fleet size.			
2004-2005 Proposed Core Service Changes Total	(1.00)	(649,156)	(799,567)

* This proposal is included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum submitted for City Council consideration on May 4, 2004.

Strategic Support CSA

Core Service: Financial Management *Finance Department*

Core Service Purpose

Manage and protect the City's resources to enhance the City's financial condition.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Revenue Collection | <input type="checkbox"/> Debt Management |
| <input type="checkbox"/> Investments | <input type="checkbox"/> Property and Liability Insurance |

Performance and Resource Overview

Financial Management refers to the general oversight of the City's financial resources. This core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community*. This outcome is supported by developing and streamlining business systems and processes that support the delivery of City services; and through timely cash collection, prudent investment of the City's cash, financing capital projects at the lowest possible cost and providing adequate coverage for risk exposures.

The Financial Management core service enhances the City's financial condition so it will continue to be strong and considered among the best managed cities of similar size. One measure of fiscal strength is the City's bond rating, and San José continues to be among the highest rated large cities in California. These ratings enable the City to borrow money at the lowest possible interest rate, thus reducing costs to finance capital projects.

Through the passage of the Neighborhood Libraries and Parks and Recreational Facilities General Obligation Bond Measures in 2000, and the Neighborhood Security Act Bond Measure in 2002, the residents expect the City to provide additional facilities and improve existing ones. By the end of 2003-2004, one Library project, 74 Parks projects, and three Public Safety projects will have been completed, with a large number of additional projects in design or under construction.

In addition to general obligation bonds, the City issues lease revenue, airport revenue, and sewer revenue bonds to finance projects such as the New City Hall, the North Concourse at the Norman Y. Mineta San José International Airport, and the Water Pollution Control Plant. The City also facilitates construction of public infrastructure and affordable housing through issuance of special tax and special assessments bonds and multifamily housing revenue bonds.

The City currently charges an issuance fee for multifamily housing and land-based financings to compensate the General Fund for services provided by Finance and Attorney's Office staff, and Housing and Public Works staff as appropriate. In 2004-2005, the Strategic Support CSA has proposed an expansion of the issuance fee to include all debt issued by the City and its agencies. At four issuances per year, the proposed \$50,000 issuance fee would generate approximately \$200,000

of annual General Fund revenue. This revenue estimate assumes a debt issuance capacity consistent with the current staffing configuration.

Strategic Support CSA

Core Service: Financial Management *Finance Department*

Performance and Resource Overview (Cont'd.)

As part of a bond issuance, a debt service reserve fund is generally established to protect bondholders from any interruption in the City's ability to make payments on the bonds. Staff has identified six debt service reserve funds, totaling approximately \$9 million, that it proposes be invested in a consolidated investment agreement beginning in 2004-2005. The annual interest earnings on the consolidated investment agreement, estimated to be at least \$225,000, would correspondingly reduce the budget requirements for debt service payments from the General Fund and the affected special funds. Because of its administrative complexity, this proposal is only feasible at the current staffing configuration and would involve reprioritizing the current workload.

The City of San José manages its exposure to catastrophic events by purchasing insurance and including risk transfer terms in its contracts. Growth in the City's Capital Improvement Program is challenging the Risk Management Program's ability to provide the optimal insurance coverage to protect new City facilities and to clear contracts expeditiously. Although an Insurance Analyst position supporting the Capital Improvement Program was eliminated during 2003-2004, Risk Management has been able to realize efficiencies by shifting workloads and increasing its use of technology. The staff has succeeded in continuing to clear contracts within five working days.

Over the course of the last two years, Financial Management staff has been engaged in conducting compliance reviews for the third largest revenue source to the City's General Fund – the Utility User's Tax. During the course of conducting these reviews, Financial Management staff has found multiple instances of non-compliance requiring a high level of follow-up to assure the outstanding tax owed the City is ultimately collected. During the follow-up process, the City has determined that one Utility User Tax payer has underpaid the City by \$730,000 as a result of Utility Users Tax compliance review.

Subsequent to November 1998, after a City of San José ballot measure to extend a Utility User Tax to interstate and international telephone calls failed, the City had collected, but did not recognize as revenue, \$1,460,600 of Utility User Tax (UUT). This amount was held in a suspense account while remitters of taxes paid after the defeat of the ballot measure were afforded the opportunity to obtain an appropriate refund during a notification process. During 2003-2004, \$1,000,000 was recognized as revenue and transferred into the General Fund. In 2004-2005, the City will recognize the remaining revenue in the amount of \$460,600 as the necessary notification requirements have been met.

The Business Information Management System (BIMS) compares various business lead source data files (e.g. State of California Franchise Tax Board, State Resale Permits, Fictitious Business Filings, etc.) to the City's Business Tax Billing System to isolate business not in compliance with the business tax ordinance. This two-year project, which will continue to provide education and outreach to City businesses while increasing overall compliance, will yield additional business tax, penalty and interest revenue of \$1,450,000 in the first three quarters of 2004-2005.

Strategic Support CSA

Core Service: Financial Management *Finance Department*

Performance and Resource Overview (Cont'd.)

A Business Tax Amnesty program provides delinquent taxpayers an opportunity to forgo paying delinquent penalties and interest during a defined amnesty period while becoming compliant with tax requirements. Increased compliance due to the Amnesty Program will lead to the expected collection of an additional \$990,900 in business tax revenue.

To measure the cost of Financial Management services, the labor cost for staff providing these services is compared to the value of the City's total assets as shown in the most current Comprehensive Annual Financial Report (CAFR). The cost ratio estimate in the 2004-2005 target is expected to remain unchanged over the 2003-2004 actuals.

For 2003-2004, the average number of days active accounts receivable in the City's automated collection management system (Revenue Plus) were past due is estimated to be 75 days. The target for 2004-2005 should be maintained at the same level. To help ensure this target is achieved, Finance Department collections staff have been strategically placed to heighten the focus on collecting seriously delinquent accounts.




In response to the current budget deficit, the Financial Management core service will face reductions in 2004-2005. An Administrative Officer position supporting the Finance Department's Treasury Division is proposed for elimination. This position provides management support for Finance Department revenue collection efforts including tax and fee compliance reviews, accounts receivable analysis, and legislative analysis. The impact of this reduction would be a decrease in management for the City's Revenue Enhancement Program, creating increased oversight requirements for remaining management staff. A Secretary position in Finance Department's Treasury Division will also be eliminated. This position is responsible for providing administrative and direct customer service support to the City's Business Tax, Sanitary and Storm Sewer Use, Recycle Plus and Regulatory Permits Programs. This reduction will result in a reduced capacity to provide direct customer service in these programs.

In 2004-2005, Recycle Plus customers will pay their bills at the Finance Department's Treasury Division cashiering counter in City Hall as opposed to the Recycle Plus call center location. Cashiering staff will begin cross-training to facilitate the city-wide cashiering consolidation that ultimately will be achieved when the City occupies the New City Hall.


Strategic Support CSA

Core Service: Financial Management *Finance Department*

Performance and Resource Overview (Cont'd.)

Financial Management Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 City's bond rating - Moody's - Standard & Poor's - Fitch	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+	Aa1 AA+ AA+
 Cost of financial management services as a percentage of total assets	0.054%	0.072%	0.072%*	0.072%*
 % of customers who rate financial management services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	89%	82%	89%	82%

* The comprehensive Annual Financial Report (CAFR) is used to provide the information for the total recorded value of the assets. Due to the implementation of GASB 34 in 2001-2002, total assets reported in the CAFR are now reported on a full accrual basis and include infrastructure assets that had not been previously reported. This resulted in a large increase in the value of City assets used for the 2002-2003 estimates.

Selected Operational Measures	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
 Average number of days active accounts receivable are past due	78	75	75	75

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Total cost for Financial Management services	\$4.62M	\$6.21M	\$6.21M	\$6.21M
Total recorded value of City assets	\$8.43B	\$8.58B	\$8.58B	\$8.58B
Total number of survey responses	100	100	100	100

Strategic Support CSA

Core Service: Financial Management *Finance Department*

Performance and Resource Overview (Cont'd.)

Financial Management Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 4,512,681	\$ 5,187,866	\$ 5,174,661	\$ 5,256,929	1.3%
Non-Personal/Equipment	409,728	1,021,843	778,243	756,243	(26.0%)
Total	\$ 4,922,409	\$ 6,209,709	\$ 5,952,904	\$ 6,013,172	(3.2%)
Authorized Positions	65.07	66.07	64.10	62.93	(4.8%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY

1. Business Information Management System Lead Project 200,000 200,000

This action generates gross revenues of \$1,450,000, which includes one-time costs of approximately \$200,000 for support services to implement this program. The Business Information Management System Lead project combines data from various sources to identify business tax leads. The revenues are generated from business taxes in the current year as well as penalties and interest for prior years. To date, the BIMS system has identified more than 41,000 business leads and completed follow up on 3,900. It is anticipated that the program will be terminated after the third quarter of 2004-2005. (Ongoing cost: \$0)

Performance Results:

Cost This action reflects additional staffing needed to implement the Business Information Management System Lead Project (BIMS) program. These costs, however are offset by additional revenue of \$1,250,000 in General Fund.

Strategic Support CSA

Core Service: Financial Management *Finance Department*

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY (CONT'D.)

2. Finance Administrative Staffing	(1.17)	(117,732)	(105,885)
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This proposal eliminates a filled Administrative Officer and 0.17 of a filled Secretary position. The Administrative Officer position provides management support for revenue collection efforts including tax and fee compliance reviews, accounts receivable analysis, and legislative analysis. The Secretary position provides direct customer support for the City's Business Tax, Sanitary and Storm Sewer Use, Recycle Plus, and Regulatory Permits programs as well as prepare financial reports and analysis. (Ongoing savings: \$127,969)

Performance Results:

Existing staff will absorb the responsibilities of the eliminated position, resulting in longer response times to customers.

3. Financial Advisory Services		(22,000)	(22,000)
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This proposal will reduce contractual services funding which is used for trustee and financial advisor services. The reduction may reduce the quantity and depth of analysis available for potential bond funded projects. (Ongoing savings: \$22,000)

Performance Results:

Cycle Time Timing associated with projects may be extended as creative solutions to avoid the purchase of new parts.

4. Recycle Plus Cashiering Services		0	(27,323)
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This proposal shifts the funding for 0.5 of an Account Clerk position from the General Fund to the Integrated Waste Management Fund. The cashiering functions of the Recycle Plus Program, previously performed by the Environmental Services Department, will be consolidated into the Finance Department. Staff will be cross trained to provide Recycle Plus and city-wide cashiering services. (Ongoing savings: \$0)

Performance Results:

No change to service levels will result from this action.

Strategic Support CSA

Core Service: Financial Management *Finance Department*

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY (CONT'D.)

5. Administrative Support Staffing Funding Shift 0 (35,322)

This proposal reallocates funding for 0.45 of an Account Clerk position and 0.17 of an Office Specialist from the General Fund to the Integrated Waste Management Fund and Sanitary and Storm Sewer Use Fund. These positions will support services related to these funds. (Ongoing savings: \$0)

Performance Results:

No change to service levels will result from this action.

2004-2005 Proposed Core Service Changes Total	(1.17)	60,268	9,470
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Strategic Support CSA

Core Service: Financial Reporting *Finance Department*

Core Service Purpose

To provide accurate and meaningful reporting on the City's financial condition.

Key Operational Service:

- ☐ Financial Information and Analysis

Performance and Resource Overview

Financial Reporting services provided by the Finance Department address customer requirements for financial information and analysis. City departments use the information to improve quality and reduce costs of services provided, improve efficiency, improve decision making capabilities, and increase the sharing of knowledge; outside agencies seek reports for their unique purposes. This core service supports the Strategic Support CSA Outcome: *Sound Fiscal Management that Facilitates Meeting the Needs of the Community*.

Customers have indicated that financial information needs to be accurate, timely and available in desired formats for it to be meaningful and useful to them. For 2003-2004, 96% of reports produced are estimated to be accurate and on-time. Based on proposed further staffing reductions in this core service, it will be difficult to maintain this high percentage; therefore, the target for 2004-2005 has decreased to 90%.

City staff continue to be involved with the on-going operation and financial monitoring of the Hayes Mansion after a new management company was appointed to operate the facility on January 1, 2004. This association will assure the Hayes Mansion is being operated in accordance with the Management Agreement, the City's ownership and investment interests in Hayes Mansion are being protected, and the Hayes Mansion Bonds are properly administered and monitored. As specified in the Management Agreement, the Hayes Mansion will reimburse the General Fund for costs incurred administrating and monitoring the Hayes Mansion bonds.

For 2003-2004, the cost per report of \$422 is estimated to be higher than the target of \$359. This increase of 18% was due in part to the ongoing development of information to more precisely allocate staff costs associated with financial reporting. Additional reporting responsibilities were incurred with a correspondingly higher cost, but the number of reports being tracked remained the same. The Financial Reporting costs include the additional resources necessary to track the infrastructure assets and depreciation schedules to comply with the financial reporting model as required by Government Accounting Standard Board's thirty-fourth pronouncement (GASB 34). The quality and usefulness of information provided has increased and as predicted the new fixed asset system has provided more detail for users.




Strategic Support CSA

Core Service: Financial Reporting *Finance Department*

Performance and Resource Overview (Cont'd.)

The Finance Department, in partnership with the Information Technology Department, planned, developed, designed, and implemented the capability for the City's internal departments to access monthly financial reports electronically. This feature provides more timely reports with enhancements (such as key word searching capability) that are not possible with paper reports.

In 2002-2003, customer surveys showed that 83% of customers rated reports as good to excellent, a result that exceeded targeted performance goals. The forecast for accurate and on-time reports for 2003-2004 was based on the first three quarters in 2002-2003. The department realized better than anticipated performance in generating accurate and on time reports in the fourth quarter of 2002-2003 which is the basis for our 2003-2004 estimate of 1,952. The Finance Department will again conduct this annual survey for 2003-2004 during the fourth quarter of 2003-2004. The Department will continue to use the information received from its customers to improve service levels of the financial reporting core service to the extent possible.

Financial Reporting Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of reports that are accurate and on-time	95%	90%	96%	90%
 Cost per report	\$414	\$359	\$422	\$392
 % of customers who rate reports as good or excellent on a 5-point scale based on clarity, timeliness, usefulness and availability in desired format	83%	80%	N/A*	83%

* Survey to be completed in fourth quarter of 2003-2004.

Strategic Support CSA

Core Service: Financial Reporting *Finance Department*

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Total cost for Financial Reporting services*	\$827,344	\$717,619	\$860,936	\$800,000
Total number of reports provided	2,000	2,000	2,042	2,042
Total number of accurate and on-time reports provided	1,891	1,800	1,952	1,800
Total number of survey responses	100	100	100	100

* Includes only direct costs of producing reports, and excludes costs of administrative functions, customer support functions, and data maintenance associated with report generation.

Financial Reporting Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,275,002	\$ 1,669,824	\$ 1,539,811	\$ 1,539,811	(7.8%)
Non-Personal/Equipment	13,769	11,300	11,100	11,100	(1.8%)
Total	\$ 1,288,771	\$ 1,681,124	\$ 1,550,911	\$ 1,550,911	(7.7%)
Authorized Positions	20.32	17.32	15.02	15.02	(13.3%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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NONE

Strategic Support CSA

Core Service: Fleet and Equipment Services *General Services Department*

Core Service Purpose

Manage operations which provide a safe and reliable fleet of vehicles and equipment.

Key Operational Services:

- ☐ Provide Repair and Maintenance of City Fleet and Equipment
- ☐ Manage Fuel Availability and Distribution
- ☐ Manage the Acquisition and Equipping of the Entire City Fleet

Performance and Resource Overview

The goal of this core service is to provide safe and reliable vehicles and equipment that are readily available for City employees. This core service contributes to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment*.

The primary challenges that this core service faces are the identification of an optimum fleet size and the implementation of modified replacement criteria that maximizes vehicle availability and supports the delivery of City services. In meeting these challenges, Fleet and Equipment Services will continue to identify and provide alternatives to ownership and optimize City resources in the provision of vehicles and equipment to user departments. These alternatives include sharing across departmental lines, short-term rentals, leases, mileage reimbursement and equipment pooling.

A reduction is recommended in contractual services and staffing levels, which may increase cycle times for preventative maintenance and repairs, but will be mitigated by the reduced fleet size. Over 80% of fleet services are assigned to support public health and safety. Public health and safety fleet support must take priority; therefore, as fleet support services are reduced, general fleet support may be impacted.

The fleet size is expected to decrease. Fleet Management is currently working with departments to reduce fleet size in a manner that does not disrupt delivery of City services to the community. Vehicles and equipment identified as underutilized are being removed from the departments' inventory and will be considered for expanding facility-specific pools or auctioned. Fleet right-sizing will be an on-going effort. This change will be implemented strategically, so as not to impact critical department resources essential in supporting City programs and services.

2003-2004 was the third consecutive year in which General Fleet vehicle replacements were frozen. The number of non-public safety vehicles in compliance with replacement cycle continues to decrease; however, the criteria for the replacement cycle was changed in 2003-2004. For example, the previous criterion for general fleet light was 10 years old or 100,000 miles and

Strategic Support CSA

Core Service: Fleet and Equipment Services *General Services Department*

Performance and Resource Overview (Cont'd.)

is now 10 years old *and* 100,000 miles. As the fleet ages, cost per mile or hour will increase and availability may decrease.

In 2003-2004, the cost per hour for off-road heavy equipment fluctuated significantly because hour meters were identified as non-operational or were not installed. The anticipated higher utilization tracked by the now operational hour meters were expected to show a reduced cost per hour, which is why the low cost per hour target was projected. However, the cost reflected for heavy equipment is estimated to be much higher because the absence of replacement funding for dredges and scats has resulted in substantial maintenance dollars spent to keep this class of equipment in service.

For 2004-2005, Fleet Management proposes the establishment of a metered and heavy equipment pool to mitigate the elimination of underutilized equipment. Equipment that is currently assigned to a City department and achieves less than the minimum established hourly or mile utilization standard will be assigned to a fleet facility pool in or near that vehicles previously assigned area. Pool vehicles will then be dispatched by Fleet Management, used by multiple City departments, and garaged at a designated facility. This effort will remove older vehicles in the fleet, which may result in reduced maintenance, lower operating costs, and increased utilization for the remaining City fleet complement.








A centralized fleet management approach will facilitate interdepartmental sharing opportunities which will have a positive impact on availability while a reduction in fleet support resources combined with an aging fleet will decrease availability.

Cost per mile is not expected to change given the offsetting factors of lack of replacement and shrinking fleet size, resulting in the average fleet age remaining static. Increased utilization of the remaining fleet may result in a decrease in cost per mile in some classes of the fleet.

Strategic Support CSA

Core Service: Fleet and Equipment Services General Services Department

Performance and Resource Overview (Cont'd.)

Fleet and Equipment Services Performance Summary		2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
	% of fleet availability by class (of equipment)				
	Police	100%	100%	100%	100%
	Fire	100%	100%	100%	100%
	General Fleet Light	95%	97%	90%	90%
	General Fleet Heavy	89%	92%	89%	85%
	Off Road Light	97%	90%	94%	94%
	Off Road Heavy	94%	88%	93%	93%
	% of fleet that is alternate fuel vehicles	N/A	9.50%	8.80%	8.80%
	% of marked patrol fleet replaced within established utilization criteria	N/A	48%	44%	44%
	Cost per mile or hours, by class (of equipment)				
	Police	\$0.29	\$0.34	\$0.29	\$0.29
	Fire	\$4.08	\$2.73	\$3.06	\$3.06
	General Fleet Light	\$0.26	\$0.34	\$0.27	\$0.27
	General Fleet Heavy	\$1.20	\$0.98	\$1.15	\$1.15
	Off Road Light	\$10.38	\$8.26	\$6.13	\$6.13
	Off Road Heavy	\$45.17	\$10.15	\$39.92	\$39.92
	% of fleet in compliance with replacement cycle by class (to be replaced/scheduled to be replaced)*				
	Police	100%	100%	100%	100%
	Fire	100%	100%	100%	100%
	General Fleet Light	76%	74%	90%	87%
	General Fleet Heavy	64%	62%	89%	86%
	Off Road Light	49%	45%	60%	54%
	Off Road Heavy	68%	65%	99%	98%
	% of service work orders completed within 24 hours				
	preventive maintenance	80%	80%	70%	60%
	repairs	67%	64%	64%	56%
	combined	70%	69%	65%	62%
	% of customers who rate service good or better based on:				
	Timeliness	100%	75%	87%	84%
	Convenience	97%	98%	95%	95%
	Courtesy	100%	100%	97%	97%

* Based on the current size of the fleet and the current replacement criteria. Replacement criteria changed in 2003-2004.

Strategic Support CSA

Core Service: Fleet and Equipment Services General Services Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Total number of repair work orders	21,408	19,825	22,500	22,500
Total number of prescribed preventative maintenance work orders	7,843	6,341	7,760	7,610
Total number of vehicles and equipment	2,939	2,648	2,944	2,795

Fleet and Equipment Services Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 6,505,299	\$ 6,696,590	\$ 6,715,157	\$ 6,603,518	(1.4%)
Non-Personal/Equipment	3,013,613	2,925,349	2,910,125	2,527,976	(13.6%)
Inventory	4,808,733	5,602,817	5,676,777	5,676,777	1.3%
Total	\$ 14,327,645	\$ 15,224,756	\$ 15,302,059	\$ 14,808,271	(2.7%)
Authorized Positions	95.00	90.00	83.50	81.50	(9.4%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Fleet and Equipment Services *General Services Department*

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT			
1. Vehicle Maintenance Staffing and Contractual Services	(2.00)	(492,788)	0
<p>This proposal generates city-wide vehicle maintenance and operations cost savings totaling \$492,788 (\$394,230 in the General Fund), resulting from a proposed reduction to General Services Department staffing and contractual services funding. The \$492,788 represents the savings to the Vehicle Maintenance and Operations Fund. This proposal eliminates one vacant and one filled Equipment Mechanic Assistant. The contractual services reduction of \$370,000 will be realized through a reduction of \$80,000, which will be achieved through the establishment of a metered/heavy equipment pool. The establishment of the metered/heavy equipment pool will allow the fleet size to be downsized. The remaining \$290,000 reduction will be achieved by in-sourcing certain maintenance activities, such as light duty vehicle alignments. (Ongoing savings: \$502,937).</p> <p>Performance Results: Cycle Time Cycle times for preventative maintenance and minor repairs for non-public safety and health vehicles will increase, as this reduction will necessitate more vehicle repair work to be in-sourced. Customer Satisfaction Customer satisfaction may be impacted; however, the impact is anticipated to be minimal due to the reduced fleet size.</p>			
2. Vehicle Maintenance Funding Reduction		(1,000)	0
<p>This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the General Services Department and decreasing contractual services funding. The impact of this reduction is a cost savings of \$492,788 city-wide, of which \$394,230 is generated in the General Fund. The proposal reflects savings in the Vehicle Maintenance and Operations Fund. (Ongoing savings: \$1,000)</p> <p>Performance Results: Cycle Time Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods. Customer Satisfaction Customer Satisfaction may be impacted due to possible cycle time increases; however, they are anticipated to be minimal due to the reduced fleet size.</p>			
2004-2005 Proposed Core Service Changes Total	(2.00)	(493,788)	0

Strategic Support CSA

Core Service: Health and Safety *Employee Services Department*

Core Service Purpose

Provide services that ensure employee health, safety and well-being.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Workers' Compensation | <input type="checkbox"/> Return-to-Work |
| <input type="checkbox"/> Proactive Safety Program | <input type="checkbox"/> Employee Health Services |
| <input type="checkbox"/> Ergonomics Program | |

Performance and Resource Overview

A safe and healthy work environment is a vital concern to the City as an employer. The Health and Safety core service is charged with ensuring a safe workplace and healthy employees in compliance with all applicable state and federal regulations related to employee health and safety in the workplace. The Health and Safety core service supports the Strategic Support CSA outcome: *A High Performing Workforce that is Committed to Exceeding Customer Expectations.*

The Employee Health Services (EHS) unit of this core service offers a variety of occupational medical services, such as surveillance and pre-placement physicals as well as Occupational Safety and Health Administration (OSHA) evaluations, all of which are designed to ensure a safe and healthy workforce. As a part of daily business, the City must be in compliance with Federal and Cal/OSHA law, regulations and guidelines. Due to prior-year budget reductions, EHS has limited preventative exams and on-site trainings almost exclusively to legally and contractually mandated testing and physical examinations.

The Workers' Compensation Program's main objective is to ensure injured employees receive adequate and appropriate treatment through an effective claim management process. The treatment plan may include medical treatment, as well as rehabilitation. Additional services include coordination of modified duties for injured employees.

A major focus for staff in 2004-2005 is continuing the Workers' Compensation Cost Containment Program. The next step in the Cost Containment Program is to further develop a culture that promotes safety and injury/accident prevention. Workers' compensation costs are reflected in the City-Wide section of this document. A high priority for staff will be the implementation of new State workers' compensation reform laws (SB 899, SB 228, and AB 227), which will potentially increase benefits while reducing costs. The new laws have over twenty provisions designed to provide effective medical and workers' compensation benefits that Employee Services is developing workplans to implement. A major part of this strategy is to inform and educate unions and employees about the new law.

Strategic Support CSA

Core Service: Health and Safety *Employee Services Department*

Performance and Resource Overview (Cont'd.)

As a result of cost containment and prevention programs implemented, the number of new workers' compensation claims declined from 1,583 in 2001-2002 to 1,403 in 2002-2003, an 11.4% decrease. In the first nine months of this fiscal year, the total number of new claims has decreased by 94 from 1,091 to 997, as compared to the same period in 2002-2003. This represents an 8.6% reduction in the number of new claims from July 2003 to March 2004.

Though claim unit costs have increased, efforts in reducing the number of claims have led to a leveling of overall program costs. The cost of all claims through March of this fiscal year is \$14.9 million as compared to \$14.4 million last year, an increase of \$500,000, or 3.5%. With little control over accelerating medical costs and higher benefits mandated by workers' compensation laws, this slight increase actually reflects significant progress in controlling costs. The Department will continue to work collaboratively with other City departments to foster work environments that are focused on accident and injury prevention. The downward trend in claims is important since approximately 80% of current year claim costs are related to prior years' claims. The City's strategy for reducing workers' compensation costs is to continue reducing claims through prevention programs, while effectively mitigating past claims and costs.

A funding shift for a Safety Analyst is proposed for 2004-2005. Funding for the Safety Analyst would be shifted from the General Fund to the City-Wide Expenses Workers' Compensation Claims appropriation. The costs associated with this funding shift would be absorbed in the Workers' Compensation Claims appropriation from savings gained by this position's efforts in decreasing claim costs.






Performance Measure Development

Performance measures are proposed for revision this year to provide a better way of showing the overall effectiveness and efficiency of this outcome. New measures have been added which are in alignment with comparative data from the International City/County Management Association (ICMA).

Strategic Support CSA

Core Service: Health and Safety Employee Services Department

Performance and Resource Overview (Cont'd.)

Health and Safety Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 Risk Management training hours per FTE: by Risk Management staff and total	N/A*	N/A*	N/A*	TBD*
 Number of Workers' Compensation claims per 100 FTEs	19	N/A*	18	17.5
 Number of worker days lost per Workers' Compensation claim	24.7	N/A*	20.5	19.9
 Number of worker days lost to injury per FTE	4.7	N/A*	3.9	3.8
 Expenditures for Workers' Compensation Per \$100 of total jurisdiction salaries and benefits	N/A*	N/A*	N/A*	TBD*

* New measure: baseline data to be collected in 2004-2005.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of open workers' compensation claims	4,022	3,900	4,200	4,200
Number of ergonomic evaluations	407	300	300	300
Number of employees trained in safety	806	500	300	300

Health and Safety Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 3,036,135	\$ 2,817,157	\$ 2,789,276	\$ 2,695,589	(4.3%)
Non-Personal/Equipment	547,505	539,844	539,744	539,744	(0.0%)
Total	\$ 3,583,640	\$ 3,357,001	\$ 3,329,020	\$ 3,235,333	(3.6%)
Authorized Positions	34.00	30.50	29.50	29.50	(3.3%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Health and Safety *Employee Services Department*

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS			
1. Safety Analyst Funding Shift		(93,688)	(93,688)
This proposal would shift funding for a Safety Analyst position in the Employee Services Department from the Department's General Fund appropriation to the Worker's Compensation Claims appropriation in City-Wide Expenses. The costs associated with this funding shift would be absorbed in the Worker's Compensation Claims appropriation from savings gained by this position's efforts in decreasing claim costs. (Ongoing savings: \$93,688)			
Performance Results: No change to service levels will result from this action.			
2004-2005 Proposed Core Service Changes Total	0.0	(93,688)	(93,688)

Strategic Support CSA

Core Service: Initiate and Facilitate Public Facilities and Spaces *The Redevelopment Agency of the City of San José*

Core Service Purpose

Provide sustainable and quality public buildings and spaces.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Government Agency Coordination | <input type="checkbox"/> Demolition |
| <input type="checkbox"/> Construction Management | <input type="checkbox"/> Community Collaboration |
| <input type="checkbox"/> Construction Contracting | |

Performance and Resource Overview

The creation of public facilities and spaces continues to be a key element to the success, vitality and promotion of cultural diversity in the Downtown and Neighborhood Business Districts. These public facilities and spaces serve two main purposes:

- To correct blight conditions and encourage pedestrian activity (as seen in neighborhood infrastructure projects such as streetscapes, lighting, sidewalks and utility undergrounding).
- To bring the community together, instilling pride and improving the quality of life (as seen in projects such as the Guadalupe River Park and Gardens, the José Theatre, the Dr. Martin Luther King, Jr. Library, and the Alum Rock Youth Center).

New public facilities planned for 2004-2005 include the expansion of the Convention Center and a new performing arts theatre in Downtown.

The Guadalupe River Park Construction, a flood control project, between Park Avenue and Santa Clara Street is scheduled for completion by the Army Corps of Engineers in December 2004. The Fifth Street promenade in the Civic Plaza will begin construction in the summer of 2004 to meet the opening date of the New City Hall in 2005.

Performance Measure Development






The quality performance measure has been re-written to accurately reflect the actual survey question on the city-wide survey conducted via telephone interviews. The first cost performance measure was revised to clarify that only completed public projects were measured. The second cost measure has been adjusted to indicate the number of projects receiving non-Agency funding versus the total number of public projects.

Strategic Support CSA

Core Service: Initiate and Facilitate Public Facilities and Spaces *The Redevelopment Agency of the City of San José*

Performance and Resource Overview (Cont'd.)

The time measure has been changed to track public project conformance to the original construction contract completion date.

Initiate and Facilitate Public Facilities and Spaces Performance Summary		2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target**
	% of internal (facility managers) and external customers (users) who rate the quality (design, function and materials) of the project as good or excellent on a 5-point scale*	67%	75%	75%	N/A
		internal	internal	internal	internal
		85%	90%	90%	N/A
		external	external	external	external
	% of completed Agency-assisted public projects that are no more than 10% above the construction budget award	100%	100%	100%	N/A
	Number of projects with non-Agency funding	8 of 29	5 of 21	4 of 6	N/A
	Number and % of Agency-assisted public projects completed within 10% of the original construction contract completion date	89% (16 of 18)	100% (8 of 8)	100% (6 of 6)	N/A N/A
	% of San José residents who rate the job being done redeveloping downtown San José as an attractive and economically viable city center as good or excellent on a 5-point scale	58%	75%	75%	N/A

* Based upon survey results from attendees of neighborhood associations, Neighborhood Advisory Committees, and facility managers.

** In the absence of the revenue estimates needed for a capital projects program, no targets are included for 2004-2005. When new property assessment figures become available and State Budget has been adopted, targets for 2004-2005 will be developed.

Strategic Support CSA

Core Service: Initiate and Facilitate Public Facilities and Spaces *The Redevelopment Agency of the City of San José*

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of public projects rated good or excellent on a 5-point scale	85% Visitors 67% Facility Mgrs	90% Visitors 75% Facility Mgrs	90% Visitors 75% Facility Mgrs	N/A N/A
Number of completed public projects within 10% of approved construction budget	18 of 18	8 of 8	6 of 6	N/A
Number of public projects with non-Agency funding	8 of 29	5 of 21	4 of 6	N/A
Public projects completed and opened within 10% of the original construction contract completion date	16 of 18	8 of 8	4 of 6	N/A

Initiate and Facilitate Public Facilities and Spaces Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 4,287,340	\$ 2,184,630	\$ 2,216,539	\$ 1,328,265	(39.2%)
Non-Personal/Equipment	5,561,741	2,324,281	2,645,880	1,389,518	(40.2%)
Total	\$ 9,849,081	\$ 4,508,911	\$ 4,862,419	\$ 2,717,783	(39.7%)
Authorized Positions*	42.00	21.00	21.00	12.00	(42.9%)

* The San José Redevelopment Agency (SJRA) budget is listed for display purposes only in the City's Operating Budget. For more information on the SJRA budget, please refer to the SJRA Operating Budget document.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Strategic Support CSA

Core Service: Materials Management *General Services Department*

Core Service Purpose

To provide quality products and services in a cost-effective manner.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Central Services | <input type="checkbox"/> Records Services |
| <input type="checkbox"/> Warehouse Services | |

Performance and Resource Overview

Materials Management is provided on a daily basis to all City departments, enabling them to meet customer needs. Materials Management contributes directly to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment*. The goal of this core service is to provide timely and reliable services so customers get what they need, when they need it.

Central Services include the Mail Room, Copy Center, Surplus Goods Management, Moving Services, and Recycling Services. Records Services (paper and electronic documents), include Retention Schedules, Vital and Historic Records, Inactive Records Storage, and Historic Resources. Warehouse Services include Stores, Central Receiving and Delivery for both scheduled, interdepartmental routing and ad hoc drayage of large items. Materials Management contributes to all City Service Areas by providing support services that enable departments to meet their service delivery goals to residents.

As anticipated, Central Services had an active role in 2003-2004 by participating in sub-committees for space design, facilities management, warehouse delivery, and mailroom planning for the New Civic Center. The proposed reduction of an Archivist position in this core service would limit the Division's ability to facilitate the completion of City retention schedules in an accurate and timely manner. The future of the Records Information Management program, such as conversion to electronic records, may also be affected by the elimination of the position.

The automated warehouse system was successfully deployed in 2003-2004 and has proven to be an effective streamlining tool for improving cycle time, inventory accuracy, and accounting efficiencies. The Warehouse section conducts on-going analyses of all commodities stored on-site to determine the potential for inventory consolidation, cost savings and supplier direct shipping. As a result of this analysis, as well as consultation with key customers, numerous commodities have been consolidated and the standing inventory has been reduced by approximately 20%. Warehouse staff






Strategic Support CSA

Core Service: Materials Management General Services Department

Performance and Resource Overview (Cont'd.)

has analyzed the Environmental Protection Agency friendly commodity list and has initiated a replacement strategy for more environmentally friendly products.

There are multiple factors that contribute to the 2003-2004 Estimate for “Dollars recovered from surplus sales and reuse” falling short of the 2003-2004 Forecast level. In 2003-2004, the Police property warehouse underwent a move and surplus operations were curtailed during the transition. In addition, due to the continued freeze on vehicle replacement, fewer vehicles are being categorized as surplus.

Materials Management Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of time customers get what they want	96%	95%	98%	95%
 % of customers who rate services good or better based on quality, timeliness, and cost	94%	95%	96%	95%
 % of packages delivered in one day	97%	95%	97%	95%
 Operating Budget for Materials Management divided by the number of requests completed and packages delivered per year*	N/A	N/A	\$27.12	\$25.50
 % of time the request is completed within established time periods	96%	95%	93%	95%

* New performance measure for 2003-2004.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Dollars recovered from surplus sales and reuse	\$292,536	\$500,000	\$150,000	\$150,000
Number of materials/service requests received	18,832	20,700	17,492	20,700
Number of packages delivered	58,708	31,500	40,225	42,000

Strategic Support CSA

Core Service: Materials Management General Services Department

Performance and Resource Overview (Cont'd.)

Materials Management Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,126,629	\$ 1,213,579	\$ 1,202,139	\$ 1,143,132	(5.8%)
Non-Personal/Equipment	304,868	351,756	351,630	351,631	(0.0%)
Total	\$ 1,431,497	\$ 1,565,335	\$ 1,553,769	\$ 1,494,763	(4.5%)
Authorized Positions	18.55	18.55	17.55	16.55	(10.8%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS, AND EQUIPMENT			
1. Materials Management Staffing Levels	(1.00)	(59,006)	(59,006)
This proposal eliminates a filled Warehouse Worker. This position performs general warehouse work at the Central Service Yard Warehouse. (Ongoing savings: \$64,381)			
Performance Results:			
Cycle Time The duties of this position will have to be absorbed by existing staff. Once the New Civic Center comes online, the loss of this position will have service impacts in cycle time for receiving, vendor control, mail services, and delivery.			
2004-2005 Proposed Core Service Changes Total	(1.00)	(59,006)	(59,006)

Strategic Support CSA

Core Service: Network & Communication Services *Information Technology Department*

Core Service Purpose

Enable the availability and relevancy of data, voice, and radio communications.

Key Operational Services:

☐ Communications Equipment
Management

☐ Application Assessment and
Support

Performance and Resource Overview

The purpose of the Network and Communication Services Core Service is to provide and manage communication services (i.e. data, voice, and radio) that enable internal and external customers to connect to City systems. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology*.

In 2003-2004, the Department anticipates achieving a performance level of 99.82%, 100%, and 99.93% for central network, telephone, and mobile radio availability, respectively, under the currently supported business hours (Network: Monday through Friday 24 hours per day, and Saturday and Sunday 6:00 a.m. to 6:00 p.m.; Telephone and Mobile Radio: 7 days a week/24 hours a day utilizing standby callback). The 2004-2005 performance target for customer satisfaction on availability of network services has been lowered from 90% to 80% based on staff reductions. Since night/swing shifts will be eliminated, system back-ups normally done during night/swing shifts will be done during regular business hours, resulting in reduced access to enterprise systems.

For 2003-2004, the Department targeted a performance level that required 80% of mobile radio repair requests to be completed within three days. The estimated performance level for 2003-2004 is 81.33%. In addition, the Department estimates that in 2003-2004, 97.07% of communication work orders will be resolved within three days of receipt of the work order, well above the target of 80%. Finally, in the area of preventative maintenance, the Department estimates that 85%, 41.07% and 63.23% of annually scheduled maintenance work will be completed in 2003-2004 for public safety systems, non-public safety systems and public safety mobile equipment, which were targeted at 90%, 70%, and 80%, respectively. The decrease is attributable to a reduction of four positions (three Communications Technicians and one Communications Installer) in the Radio Shop since October 2002. The targets for 2004-2005 for this category have been reduced as a result of further proposed personnel reductions in this area. Remaining resources will be focused on Public Safety systems, thus the performance measure for preventative maintenance of non-public safety systems has been lowered from 70% to 40%.

In the area of network services, two major projects took place during 2003-2004. First, network technology and equipment improvements were implemented, including firewalls, authentication

Strategic Support CSA

Core Service: Network & Communication Services *Information Technology Department*

Performance and Resource Overview (Cont'd.)

servers and secure web-based access technology. This project was completed in the first quarter of 2003-2004. Second, fiber cabling and an ethernet network in the old Martin Luther King Library were installed to enable interdepartmental access at new locations. This project was completed in the second quarter of 2003-2004.

The Department provides telecommunications support for numerous departments, including: office moves and system upgrades for the Police, Fire, and Public Works departments; and the Joint Library and Airport Master Plan-related initiatives. Other projects included retrofitting the old Martin Luther King building, consolidating and upgrading systems for the Parks, Recreation and Neighborhood Department, relocating Animal Care Services to a new building, and planning the on-going transition to the New City Hall.

The average duration of network outages during normal business hours in 2003-2004 is estimated at five hours, compared with a forecast of three hours. This was largely due to external factors, most notably, the Welchia virus in August 2003. Once detected, staff isolated subnets and Wide Area Network (WAN) connections from the core network, blocked broadcasts, and strategically re-initiated access to departments after careful evaluation. Approximately 130 staff hours and 17 overtime hours were incurred and the full cleanup process took two weeks. Estimated total staff time associated with the virus, including the network, servers, and desktop support, was approximately 500 person hours. The Department continues to seek ways to mitigate the City's vulnerabilities related to network security in order to improve network availability.

The 2003-2004 Adopted Operating Budget included the transfer of telephone budgets from the Department's non-personal/equipment appropriation to the relevant client departments. The Department retained the ordering and payment duties for the first three quarters of the year to ensure continuity. Thereafter, these duties have been transferred to departments. City-wide cell phone cost savings for the first 3 quarters of 2003-2004 were, as compared to 2002-2003, exceeding the 5% goal set.

Approximately 70% of the Information Technology Department's approved budget reductions reside in this core service. These reductions focus on the elimination of vacant and filled positions that administratively support operations or facilitate 24x7 support of the network and enterprise applications. In addition, non-personal/equipment reductions have been made in the area of supplies and maintenance. Response time in providing service to customers will be lengthened and network availability will be reduced. Therefore, the 2004-2005 customer satisfaction performance target for network services availability has been lowered from 90% to 80%.

In February 2004, the Mayor directed the elimination of 100 vacant positions. In response to this direction, three positions (Communications Technician, Senior Computer Operator, and Account Clerk) were eliminated from this core service. Elimination of these positions reduce the Department's capacity to perform projects, conduct preventative systems maintenance, and provide technical support and troubleshooting on a 24x7 basis.

Strategic Support CSA






Core Service: Network & Communication Services Information Technology Department

Performance and Resource Overview (Cont'd.)

The Department recognizes the need for an accurate inventory of telephone and network equipment by using an asset management system. The need for an asset management system was first identified in 2002-2003 but not implemented due to previous budget reductions. The New City Hall project provided an opportunity to obtain an accurate inventory of telephone and network equipment and to implement an asset management system. When the inventory is completed, the Department will establish a preventative maintenance program and select an asset management system. The selection process will be completed in the last quarter of 2003-2004. For 2005-2006 the Department will establish telephone and network performance measures that include the scope of work involved to support the New City Hall.

Performance Measure Development

During 2004-2005, the Department will consolidate the five existing core services into three core services. This core service will merge into the new Communications and Infrastructure core service. The core service performance measures will be reviewed and, if necessary, changed to accurately reflect and measure the services contained within the new core service.

Network & Communication Services Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of network services available during normal business hours				
- Central network	99.43%	98%	99.82%	98%
- Telephones	100%	100%	100%	100%
- Mobile radios (24 hrs/day, 7 days/wk)	99.30%	98%	99.93%	98%
 % of mobile radio repair requests completed within 3 days of receipt of repair order	72.08%	80%	81.33%	80%
 % of communication work orders resolved within 3 days of receipt of repair order	98.31%	80%	97.07%	80%
 % of scheduled preventative maintenance inspections completed annually				
- Public Safety systems	90.25%	90%	85%	90%
- Non-Public Safety systems	64.33%	70%	41.07%	40%
- Public Safety – mobile	71.88%	80%	63.23%	80%
- Telephones	-	TBD*	-	TBD*
- Network equipment	-	TBD*	-	TBD*
 % of total customer response with good or excellent rating on availability of network services	75%	90%	TBD**	80%

* To be developed in 2004-2005 for implementation in 2005-2006.

** Survey to be completed in the fourth quarter of 2003-2004.

Strategic Support CSA

Core Service: Network & Communication Services Information Technology Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of network outages	5	4	1	4
Number of telephones	7,032	7,100	7,325	7,500
Number of mobile radios	1,800	2,000	1,086	1,300
Number of mobile radio repair requests	3,005	3,200	3,012	3,200
Number of communication repair orders	1,864	1,600	1,276	1,500
Number of network outages during normal business hours	5	4	1	4
Average time of network outages during normal business hours	19 hours	3 hours	5 hours	3 hours

Network and Communication Services Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 3,724,619	\$ 3,971,659	\$ 3,609,758	\$ 3,297,437	(17.0%)
Non-Personal/Equipment	4,194,311	1,945,674	1,939,074	1,656,260	(14.9%)
Total	\$ 7,918,930	\$ 5,917,333	\$ 5,548,832	\$ 4,953,697	(16.3%)
Authorized Positions	45.13	41.48	36.28	31.78	(23.4%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Network & Communication Services *Information Technology Department*

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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EFFECTIVE USE OF STATE-OF-THE ART TECHNOLOGY

1. Information Technology Staffing	(4.50)	(312,321)	(262,054)
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This action eliminates 3.5 filled positions (1.0 Enterprise Network Engineer, 1.0 Senior Computer Operator, 1.0 Computer Operator, 0.5 Office Specialist), 1.0 vacant Communications Installer position and redeploys capital funds to support 0.25 of an existing Communications Technician position. The positions facilitate 24x7 support of the network and enterprise applications as well as provide administrative support for the department. (Ongoing savings: \$333,030)

Performance Results:

Cycle Time, Customer Satisfaction Prioritization of workload will need to occur and some projects may be delayed until higher prioritized projects are completed. Response time to customer requests will be lengthened causing decreased customer satisfaction. Night/swing shifts will be eliminated and network availability reduced. System back-ups normally done during the night/swing shifts will be done during regular business hours, resulting in reduced access to enterprise business systems (ie, FMS, Peoplesoft, email). Preventative maintenance will be greatly reduced, adversely impacting the equipment life and accelerating the need for communication equipment replacement in the capital program. The 2004-2005 performance targets related to network services customer satisfaction and non-public safety system preventative maintenance have been lowered to reflect these impacts.

2. Desktop Telephone and Maintenance Efficiencies	(150,200)	(150,200)
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This action realizes savings from a recently negotiated reduction to carrier access charges for City telephones. In addition, this action reduces the level of maintenance and support provided to departments for desktop telephones. As a result, repairs/replacements will be handled in-house with recycled equipment. Public Safety and Airport desktop telephone maintenance will remain unchanged. (Ongoing savings: \$150,200)

Performance Results:

Cycle Time, Customer Satisfaction Changes to cycle times for minor repairs and customer satisfaction levels are anticipated to be negligible.

Strategic Support CSA

Core Service: Network & Communication Services Information Technology Department

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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EFFECTIVE USE OF STATE-OF-THE ART TECHNOLOGY (CONT'D.)

3. Software/Hardware Technology Efficiencies* (59,000) (59,000)

This action eliminates parts and services for repair and maintenance of laptops in public safety vehicles. With the replacement of vehicle laptops through the Communications Capital Program, it is anticipated that post warranty maintenance for laptops will no longer be required. In addition, outside services for manual timecard data entry have been eliminated. Due to the implementation of electronic data capture systems, the number of paper timecards that require manual data entry has been reduced. Implementation of this proposal will also generate 2003-2004 General Fund savings of \$59,000 if approved by the City Council as part of its May 4, 2004 consideration of accelerated proposals. (Ongoing savings: \$59,000)

Performance Results:

Quality No impact to current levels of service are anticipated due to the small number of older laptops remaining in public safety vehicles. In addition, the number of timecards that currently require manual data entry can be accommodated with existing City staff. However, back-up services may need to be procured on an emergency basis.

4. Network and Communication Supplies Efficiencies (47,007) (47,007)

This action reduces supplies that support network and telecommunications. Recycling of network parts and offices supplies will be necessary to absorb this reduction. (Ongoing savings: \$47,007)

Performance Results:

Cycle Time Projects may be delayed to avoid the purchase of new parts.

5. Cellular Telephone Service Cost Efficiencies (19,756) (19,756)

This action reduces the cost of cellular telephone service by 15% as a result of purchasing cellular telephone services and equipment under the Western States Consortium Agreement (WSCA) and optimizing rate plans to avoid overage charges. The impact of this reduction is a cost savings of \$254,372 city-wide, of which \$204,296 is generated in the General Fund. The cost savings in the Information Technology Department, Network and Communication Services Core Service, is \$19,756. (Ongoing savings: \$19,756)

Performance Results:

Quality No change to service levels will result from this action.

6. Technology Supplies and Materials Efficiencies (4,851) (4,851)

This action corrects the use of special funds to be applied to non-personal expenditures that support special funded responsibilities and reduces the General Fund by the same amount. (Ongoing savings: \$4,851)

Performance Results:

Quality No change to service levels will result from this action.

Strategic Support CSA

Core Service: Network & Communication Services *Information Technology Department*

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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EFFECTIVE USE OF STATE-OF-THE ART TECHNOLOGY (CONT'D.)

7. Vehicle Maintenance Funding Reduction (2,000) (2,000)

This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the General Services Department and decreasing contractual services funding. The impact of this reduction is a cost savings of \$492,788 city-wide, of which \$394,230 is generated in the General Fund. The cost savings in the Information Technology Department, Network and Communications Core Services is \$2,000. (Ongoing savings: \$2,000)

Performance Results

Cycle Time Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods.

Customer Satisfaction Customer satisfaction may be impacted due to possible cycle time increases, however, they are anticipated to be minimal due to the reduced fleet size.

2004-2005 Proposed Core Service Changes Total	(4.50)	(595,135)	(544,868)
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* This proposal is included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum submitted for City Council consideration on May 4, 2004.

Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure *Public Works Department*

Core Service Purpose

Plan, design and construct public facilities and infrastructure.

Key Operational Services:

- | | |
|--|--|
| <input type="checkbox"/> Airport Infrastructure | <input type="checkbox"/> Streets and Transportation Facilities |
| <input type="checkbox"/> Parks and Recreation Facilities | |
| <input type="checkbox"/> Public Buildings | <input type="checkbox"/> Storm Sewers and Sanitary Sewers |

Performance and Resource Overview

Public Works Department responsibilities in this core service focus on the plan, design and construction of public facilities and infrastructure. This core service supports a number of other City Service Areas (CSAs), including Aviation Services, Transportation Services, Recreation and Cultural Services, and Environmental and Utility Services. It is a primary partner in the Strategic Support CSA and supports the following outcome: *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment*.

During this time of economic uncertainty, the core service continues to meet the challenge of delivering quality capital and bond projects that meet the needs and expectations of San José residents. A growing City population requires expanded air travel capacity, improvements in highway and rail transportation, sewer lines, new and improved recreational facilities, and public buildings to house staff to provide City services.

In 2004-2005 it is anticipated that the Public Works Department will manage \$254 million in projects. These projects include the ongoing construction of the New Civic Center and library, parks and public safety bond funded projects. The continuing economic downturn will, however, present challenges in 2004-2005, as the City attempts to balance the demand for public improvement projects with decreasing resources. Selected tax revenues, such as the Construction Excise Tax and Building and Structure Construction Tax, that support the capital improvement program have experienced significant declines, which have impacted the level of funding available for capital projects. Despite these declines, the core service continues to focus on the effective delivery of capital improvement projects within completion targets and budgeted amounts, as indicated to the City Council.

The impact of the economy on the capital program is reflected in the proposed reduction in the number of capital funded positions in this core service. For 2004-2005, 33.0 positions are proposed for elimination or redeployment to other non-capital programs. This represents a 19.2% reduction in the number of capital-funded positions in this core service. The impact of these reductions

Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure *Public Works Department*

Performance and Resource Overview (Cont'd.)

on the capital program is expected to be minimal as the proposed reductions align with anticipated workload reductions in the capital program.

The performance measures for this core service reflect the importance of delivering construction projects within agreed-upon costs, quality, and time frames to the customers, while keeping staffing costs as low as possible. As described in the 2003-2004 Adopted Budget, a new set of performance measures replaces all the older measures beginning in 2004-2005. This change is necessary to align the core service's performance measures with newly defined CIP measures. Only the previous customer satisfaction measure has been retained to provide a continuous set of data on customer service. Baseline data and performance targets for some of the new measures have been established during the course of the year and are presented in this document. The established city-wide performance target for on-time capital project delivery (85%) has been used as a basis for establishing the core service and operational service targets for the on-time measure.

The following are descriptions and/or activities for 2004-2005 in each of the operational services within the Plan, Design, and Construct Public Facilities and Infrastructure Core Service.

Airport Infrastructure

The Public Works Department contributes to the implementation of the Airport Master Plan by providing engineering and construction management services related to the implementation of the Airport Capital Improvement Program. The Airport Infrastructure Operational Service contributes primarily to the following two Aviation Services CSA outcomes: *The Airport is the Region's First Choice for Air Transportation Services* and *Travelers Have a Positive Guest Experience While Using the Airport*.

The Airport Capital Improvement Program (CIP) reflects a significant reconsideration of how the implementation of the Airport Master Plan is approached, as staff attempts to address Federal legislation that imposed a number of new security mandates that will require a significant capital investment. Funding priorities for the 2005-2009 Proposed CIP include funding to implement the North Concourse building and other security projects. The current focus of the CIP is to develop an airport that meets the requirements set for security as well as customer and community needs.

In March 2003, San José voters approved Measure A, the Airport Security and Traffic Relief Act (ASTRA), setting the policy direction for Airport expansion. The first step is to proceed with the planning, financing and construction phasing of the North Concourse Building project. On a parallel track are the projects to improve access to and from the Airport. The City's priority is to build an airport that improves customer service and provides a permanent solution for federally-mandated security directives, while remaining committed to improving transportation access to the Airport.

Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure *Public Works Department*

Performance and Resource Overview (Cont'd.)

Parks and Recreation Bond Facilities

The Parks and Recreation Facilities Operational Service contributes to the Strategic Support outcome *Safe and Functional Infrastructure, Facilities, Materials and Equipment*, and also supports the Recreation and Cultural Services CSA outcome *Safe and Clean Parks, Facilities and Attractions*. The creation of the Parks and Recreation Facilities Division in 2000-2001 allowed the Public Works Department to focus efforts on meeting the growing demands of delivering parks and recreation bond projects in partnership with the Parks, Recreation and Neighborhood Services Department. In 2003-2004, 24 neighborhood parks projects are projected to be completed. Currently three projects are under construction with 10 projects in feasibility and design phases. Additionally, four community center projects are under construction and another four are in progress. Existing 2003-2004 staff support is adequate to meet the aggressive yet declining construction management schedule and demands of bond-funded projects. Staff adjustments will be directed to focus on the remaining larger, more complex projects in order to provide effective project management support to this critical capital program during 2004-2005. It is the goal of the Department to ensure that all 23 remaining park bond funded projects, included in the 2005-2009 Proposed CIP with a total estimated budget of \$154 million, are delivered on time and on budget.

A new performance measure for cycle time was developed for all capital projects beginning in 2003-2004. For the park bond projects, the estimated percentage of completed projects that are delivered within two months of approved baseline schedule during 2003-2004 is 70%.

Public Buildings

The Public Buildings Operational Service supports the Strategic Support outcome *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment*. The Public Works Department is responsible for the oversight and construction of public facilities such as branch libraries, air terminals, fire stations and an animal shelter facility. The voters approved the Park and Library Bond Measures in November 2000. The 10-year Library bond program will consist of \$212 million in library bonds to support the construction of six new branch libraries and the expansion/relocation of 14 existing branch libraries. The Library Bond Program is in its fourth year of implementation. The Vineland Branch Library grand opening was held in January, 2004. Vineland provides many community services including an Internet Café, Tech Center, and programs for children and adults. Construction has started on the Berryessa, Tully, Alum Rock, and Rose Garden branch libraries. The construction contract for the Almaden Joint Community Center and Library was awarded in April, 2004. Five other branches - Evergreen, Hillview, Cambrian, Edenvale and Joyce Ellington - are currently in the design phase.

Among the City buildings under development, one of the most major efforts involves the construction of the New Civic Center. The New Civic Center includes approximately 530,000 square feet and will be constructed on a 4.9-acre site located on the south side of East Santa Clara Street, between 4th and 6th Streets. Major components include an 18-story office tower, a council chamber wing, an open public plaza with a rotunda, plus a 372-vehicle underground

Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure *Public Works Department*

Performance and Resource Overview (Cont'd.)

Public Buildings (Cont'd.)

parking garage to serve the visiting public and some staff.

The finished facility will house up to 1,950 City staff from a variety of departments. The New Civic Center is expected to be a signature building for the City. The project also includes an off-site 1,128-vehicle employee-parking garage located on St. John Street, between 4th and 5th Streets. The design phase of this project has produced construction documents and the first contract was awarded in July 2002. Groundbreaking and initial construction began in August 2002. Bids and awards of additional prime contracts will continue through Summer 2004, with occupancy planned for mid-2005. The Civic Center project budget includes \$343 million for the construction of the Civic Center facility, which includes the onsite parking facility and the construction of the offsite parking facility.

San José voters approved the Neighborhood Security Act Bond Measure in March 2002. The bond measure provides \$159 million to fund capital improvements in the Public Safety CSA. These projects include the construction of a South San José Police Substation, four community policing centers, a Public Safety driver training facility, and improvements to the 9-1-1 Communications Dispatch Center. The program also includes the remodel of twenty fire stations, the relocation of four fire stations, the construction of four new stations, and a new Fire Training Center. This bond measure will begin its third year of implementation in July 2004. The first project, Phase I of the Central Community Policing Center located in the Alviso area, was completed in October 2003 and entailed the exterior renovation of the main building on the property which houses the community policing center. Construction also began on three of the Fire Station upgrades in the second quarter of 2003-2004 with a fourth scheduled for award in the fourth quarter. Extensive remodeling of Fire Stations 3, 4, and 26 is scheduled for completion by July 2004. Property acquisition activities are progressing on three fire station projects and staff continues to evaluate additional sites for the remainder of Police and Fire projects requiring land. Through 2004-2005, staff will also be focused on the remaining fire upgrade projects. The combination of new staff approved in the 2002-2003 budget, combined with existing Department resources, redeployed for this purpose, will ensure timely delivery of this high priority program while maintaining ongoing support to other projects in the Proposed Capital Budget. Adjustments to staffing levels will continue to be explored during 2004-2005 in response to project schedule adjustment that may be required to align project completion with proposed operations and maintenance budgets in the General Fund.

Streets and Transportation Facilities

The Streets and Transportation Facilities Operational Service supports the Transportation CSA outcomes *Provide Viable Transportation Choices* and *Preserve and Improve Transportation Assets to Enhance Community Liability*. Eight years ago, the City began to address the deteriorated pavement condition, and until recently, expenditures on street maintenance were guided by a 10-Year Street Maintenance Recovery Plan. From 1997 to 2002 the percentage of streets rated in “fair or better” condition rose

Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure *Public Works Department*

Performance and Resource Overview (Cont'd.)

Streets and Transportation Facilities (Cont'd.)

from 86.2% to 93.4%. Due to the current economic challenge and recent funding reductions, it is now estimated that over the next five years, this figure will drop to 70% of street pavement surfaces in fair or better condition.

Staff has been successful in delivering a combination of Street Lighting and Traffic Signal Projects. During 2003-2004, approximately 400 new streetlights will be installed and approximately 200 existing streetlights will be upgraded. During 2003-2004 the traffic signal team completed a total of 40 signal projects initiated through City funding (22) and private development (18). However, due to funding constraints in the Traffic Capital Program, the level of funding for street lighting projects has been significantly reduced beginning in 2004-2005.

Storm Sewers and Sanitary Sewers

The Storm Sewers and Sanitary Sewers Operational Service supports the Environmental and Utility Services CSA outcome *Reliable Utility Infrastructure*. The 900-mile long Storm Sewer System collects storm water, separate from the Sanitary Sewer System, and conveys it to nearby creeks and rivers. Major future work efforts for the Storm Program will be the construction management of the Albany-Kiely Storm Drainage Improvement, Phase II, Chateau Drive Storm Drain Improvement Phase I, and neighborhood storm drain improvement projects. All of these projects will include the installation of technology and infrastructure that is designed to improve the water quality and runoff to creeks and rivers. The third and final year of a rate increase approved in the 2002-2003 budget will continue to provide funding support for capital improvements in the Storm Sewer System in 2004-2005. Total funding of \$11.8 million is proposed in the 2005-2009 CIP, of which \$6.9 million is allocated for 2004-2005. Though the rate increase will allow the City to address some of the City's storm sewer needs, additional investments in storm drainage improvement projects will be necessary to address the numerous outstanding needs that still remain. To continue a modest investment in the capital infrastructure and ensure the fiscal health of the Storm Sewer Operating Fund, an additional 4.5% rate increase for the 2005-2006 and 2007-2008 period will be brought forward for Council consideration next year.

The Sanitary Sewer System consists of approximately 2,000 miles of sewer mains ranging in diameter from 6 to 90 inches. The system serves the City, as well as three other jurisdictions, and conveys sewage to the San José/Santa Clara Water Pollution Control Plant (WPCP). The value of the system is estimated at \$1 billion. Expenditures for Sanitary Sewer projects are forecasted to total \$101.3 million over the next five years, of which \$34.9 million is allocated in 2004-2005. Program funding is allocated to construct sewer improvement projects that either enhance sewer capacity in substantially built-out areas or rehabilitate existing sewers, with higher priorities given to those with extensive, severe deterioration. The majority of program funding (\$69.6 million) will be focused on






Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure *Public Works Department*

Performance and Resource Overview (Cont'd.)

Storm Sewers and Sanitary Sewers (Cont'd.)

high priority rehabilitation projects over the next 5 years. Within the Sanitary Sewer Program, rehabilitation projects are selected based on studies, maintenance records and reports, and actual pipe failures. Major rehabilitation projects include the 60" Brick Interceptor and the 84" Reinforced Concrete Pipe Interceptor projects. In addition, major Sanitary Sewer projects in the 2005-2009 Proposed CIP continue to be those related to the construction and/or rehabilitation of the North San José Interceptor System. In recognition of City Council attention to neighborhood services, additional emphasis is being given to the study, design and implementation of neighborhood serving sanitary sewer rehabilitation projects over the next five years to support the improvement of local neighborhood sewer systems. In addition, projects that reduce the inflow and infiltration of water to the sewage delivered to the WPCP continue to be emphasized in the Sanitary Sewer System, subject to budgetary constraints. These projects help reduce the volume of sewage that is delivered to the WPCP.

Plan, Design and Construct Public Facilities and Infrastructure Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of delivered projects that attain established design and construction goals	-	-	TBD*	TBD
 % of projects completed within the approved baseline budget	-	-	TBD**	90%
 % of Public Works costs (exclusive of citywide overhead) for the design and construction phases of a project compared to total construction costs for completed projects:				
Less than \$500,000	-	-	TBD**	*TBD
Between \$500,000 and \$3M	-	-	TBD**	*TBD
Greater than \$3M	-	-	TBD**	*TBD
 % of projects with duration between design start and beneficial use that are delivered within two months after approved baseline schedule	-	-	75%	85%
 % of customers rating design and construction services as good or excellent based on accuracy, timeliness, and quality of final product	83%	80%	80%	80%






* New survey form developed. Baseline data collection will continue in 2004-2005.

** Data will be collected by end of 2003-2004 using newly developed cost tracking modules in the CIP database.

Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure *Public Works Department*

Performance and Resource Overview (Cont'd.)

Selected Operational Measures	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 Operational Service: Airport Infrastructure % of projects with duration between Design Start and Beneficial Use that are delivered within two months after approved baseline schedule*	-	-	50%	85%
 Operational Service: Parks and Recreation Facilities % of projects with duration between Design Start and Beneficial Use that are delivered within two months after approved baseline schedule*	-	-	70%	85%
 Operational Service: Public Buildings % of projects with duration between Design Start and Beneficial Use that are delivered within two months after approved baseline schedule*	-	-	100%	85%
 Operational Service: Streets and Transportation Facilities % of projects with duration between Design Start and Beneficial Use that are delivered within two months after approved baseline schedule*	-	-	67%	85%
 Operational Service: Storm Sewers and Sanitary Sewers % of projects with duration between Design Start and Beneficial Use that are delivered within two months after approved baseline schedule*	-	-	90%	85%

* New performance measures introduced in 2003-2004.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of construction projects delivered	-	-	125	101
Total construction cost of projects*	-	-	\$131,921,180	\$469,356,682

* For multi-year projects, the total construction costs are reflected in the year the project is completed rather than spread over multiple years.

Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure *Public Works Department*

Performance and Resource Overview (Cont'd.)

Plan, Design, and Construct Public Facilities and Infrastructure Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 30,690,326	\$ 34,111,251	\$ 31,441,822	\$ 28,673,134	(15.9%)
Non-Personal/Equipment	199,520	321,797	321,397	218,920	(32.0%)
Total	\$ 30,889,846	\$ 34,433,048	\$ 31,763,219	\$ 28,892,054	(16.1%)
Authorized Positions	349.72	352.76	318.18	285.18	(19.2%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT

- | | | | |
|--|---------|-------------|---|
| 1. Right-Sizing of Public Works Capital Improvement Program Staffing – Accelerated Vacancy Cuts* | (23.00) | (1,954,030) | 0 |
|--|---------|-------------|---|

Public Works staff has completed a department-wide staffing analysis for the 2004-2005 Capital Improvement Program (CIP). Results of this analysis indicate that 39.0 positions (28.0 vacant and 11.0 filled) will not be required to support the 2004-2005 CIP workload. Funding levels in the CIP have declined due to a reduction in the development-related taxes that support the program and a reduction in the availability of regional transportation grants. The elimination of vacant positions in this core service includes: 4.0 Associate Engineer, 2.0 Associate Structure/Landscape Designer, 4.0 Building Inspector Combination, 3.0 Engineering Technician, 1.0 Engineering Trainee PT, 1.0 Heavy Equipment Operator, 1.0 Instrument Person, 1.0 Office Specialist, 2.0 Secretary, 1.0 Senior Construction Inspector, 1.0 Senior Engineer, 1.0 Staff Specialist, and 1.0 Structure/Landscape Designer. (Ongoing savings: \$1,955,967)

Performance Results:

Quality This action would have no effect on the quality of project delivery as the proposed reductions align with anticipated workload reductions in the CIP.

Strategic Support CSA

Core Service: Plan, Design and Construct Public Facilities and Infrastructure *Public Works Department*

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT (CONT'D.)			
2. Right-Sizing of Public Works Capital Improvement Program Staffing	(7.00)	(581,295)	0
Public Works staff has completed a department-wide staffing analysis for the 2004-2005 Capital Improvement Program (CIP). Results of this analysis indicate that 39.0 positions (28.0 vacant and 11.0 filled) will not be required to support the 2004-2005 CIP workload. Funding levels in the CIP have declined due to a reduction in the development-related taxes that support the program and a reduction in the availability of regional transportation grants. The elimination of filled positions in this core service includes: 2.0 Associate Construction Inspector, 2.0 Associate Engineer, 2.0 Engineer, and 1.0 Office Specialist. (Ongoing savings: \$634,139)			
Performance Results:			
Quality This action would have no effect on the quality of project delivery as the proposed reductions align with anticipated workload reductions in the CIP.			
3. Traffic Capital Improvement Program Staffing Reallocation to Public Works Fee Program	(3.00)	(233,365)	0
This action redeploys 3.0 positions that currently support the Traffic Capital Program to the Public Works Development Fee Program, as described in the Regulate/Facilitate Private Development Core Service, Public Works Fee Program proposal. The increase in development activity, combined with the decrease in projects supported by the Capital Improvement Program, necessitates moving these positions into the Development Fee Program in order for the Program to achieve cycle time targets and keep up with workload. (Ongoing savings: \$233,365)			
Performance Results:			
Quality This action would have no effect on the quality of project delivery as the proposed reductions align with anticipated workload reductions in the CIP.			
4. Public Works Cost Allocation Plan Redeployment		(102,475)	(102,475)
This proposal shifts non-personal/equipment funding from the General Fund to the Public Works Cost Allocation Plan (formerly Budget Off the Top) to support capital and bond programs. This proposal will more effectively align Public Works resources with anticipated workload for 2004-2005. (Ongoing savings: \$119,938)			
Performance Results:			
No change to service levels will result from this action.			
2004-2005 Proposed Core Service Changes Total	(33.00)	(2,871,165)	(102,475)

* This proposal is included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum submitted for City Council consideration on May 4, 2004.

Strategic Support CSA

Core Service: Purchasing *General Services Department*

Core Service Purpose

To purchase quality products and services in a cost-effective manner by conducting competitive processes, researching new vendors and products and managing contracts.

Key Operational Services:

☐ Procure Supplies, Materials and Equipment

☐ Procure General Services

Performance and Resource Overview

Purchasing is responsible for the procurement of supplies, equipment and general services required by all City departments. This core service contributes to the Strategic Support CSA outcome: *Safe and Functional Public Infrastructure, Facilities, Materials and Equipment*. The core service goal is to provide all CSA's with what they need, when they need it, at the right price. Purchasing contributes to all CSA's by providing products and services that assist departments in meeting service delivery goals to residents. The core service also strives to provide outreach to the business community and ensure that public funds are spent wisely through competitive processes and cooperative purchasing with other government agencies.

In 2003-2004, the Purchasing section further enhanced the Request for Proposal documents and processes and utilized web-based electronic solicitation tools on numerous high dollar procurements. The Purchasing section is on track to generate over \$6 million dollars in cost savings through requirement consolidation (i.e. security services and reprographic services) and maximizing the use of competitive solicitations. In 2004-2005, one of the core service's larger priorities will be the successful and timely procurement of products, materials, and services associated with the opening of the New Civic Center. Purchasing will also be working closely with the Airport Department to forecast and prepare for new equipment purchases associated with the passing of Measure A.

Outreach efforts to the small and local business community continue with Purchasing playing a key role in workshops and forums such as "How to do Business with the City of San José" (entrepreneurial Center) and "Challenges 2004 - Pursuing Survivor Strategies" (2004 Silicon Valley Business Expo and Conference). Improvements to processes and elimination of inhibitors will further enhance these efforts.

With the proposed elimination of a Senior Office Specialist position, remaining staff will be required to absorb additional administrative duties. This may result in a decreased capacity to augment ancillary purchasing activities such as business outreach, labor compliance, environmental preferable procurement, responsiveness to executive management and Council information requests, credit card program management and customer service. In addition, the increased workload absorbed by





Strategic Support CSA

Core Service: Purchasing General Services Department

Performance and Resource Overview (Cont'd.)

remaining staff will result in an estimated 10% decrease in purchase order cycle time when comparing the 2003-2004 Estimate to the 2004-2005 Forecast and a corresponding 5% decrease in customer satisfaction when comparing the 2003-2004 Estimate to the 2004-2005 Forecast.

Additionally, one Network Engineer position has been proposed for elimination. This position supports the network, helpdesk, setup, maintenance and project needs for all General Services employees. This position supports several major systems housed at General Service that service the entire City including the Facilities Management and Parks Maintenance Work Order System, and the Citywide Fleet Management and Fueling system. This action, combined with added responsibilities to the New Civic Center projects (Building Security, Facilities Management, Document Management, and Additional warehouse location), will result in the slowdown or cessation of work on several projects, and an increase to helpdesk response and completion times. Since General Service supports many other City services, the elimination of the Network Engineer may also impact other CSAs.

Purchasing Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % Cost savings achieved through the purchasing process	12.2%	8%	8%	8%
 Cost of purchasing service as a percentage of the total dollars procured	2%	2%	2%	2%
 % of Purchase Orders processed within established timeframes				
8 days for PO's <\$5,000	67%	60%	70%	60%
15 days for PO's >\$5,000	62%	55%	65%	55%
 % of customers who rate services good or better based on quality and timeliness	58%	60%	65%	60%

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of procurement requests received	2,918	3,500	2,645	2,700
Number of Purchase Orders issued	2,385	2,590	2,437	2,500
Total \$ procured	\$80.6M	\$100M	\$83.8M	\$85M
Total cost savings	\$8M	\$8M	\$6.4M	\$7M

Strategic Support CSA

Core Service: Purchasing General Services Department

Performance and Resource Overview (Cont'd.)

Purchasing Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,096,298	\$ 1,284,565	\$ 1,311,929	\$ 1,153,739	(10.2%)
Non-Personal/Equipment	27,240	78,251	61,251	61,251	(21.7%)
Total	\$ 1,123,538	\$ 1,362,816	\$ 1,373,180	\$ 1,214,990	(10.8%)
Authorized Positions	14.70	14.70	14.70	12.70	(13.6%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT			
1. General Services Administrative and Technical Support Staffing	(2.00)	(158,190)	(158,190)
This proposal eliminates a filled Senior Office Specialist and a filled Network Engineer. The majority of tasks performed by these positions will be redistributed to other positions, however some lower priority tasks may not be performed as a result of this action. (Ongoing savings: \$172,571)			
Performance Results:			
Cycle Time Cycle times will increase for network and administrative support. Purchasing will lose 50% of its general administrative staff and General Services technical support will be reduced by 33%.			
2004-2005 Proposed Core Service Changes Total	(2.00)	(158,190)	(158,190)

Strategic Support CSA

Core Service: Technology Customer Support *Information Technology Department*

Core Service Purpose

Provide direct customer support and training for technology equipment and applications.

Key Operational Services:

☐ Desktop Support

☐ Data Production

Performance and Resource Overview

The Technology Customer Support Core Service assists customers in determining the equipment and software necessary for their requirements, and coordinates the equipment and software installation, training, and support for City Departments. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology*.

The Department estimates a 2003-2004 performance level of 99.53% for the email system availability during business hours, as specified in Network and Communication Core Service. System availability for the Financial Management System and the Human Resources/Payroll System is estimated to be 97.35% and 99.43%, respectively, compared to the targets of 99%.

Information Technology is responsible for approximately 6,500, or 77% of the 8,500 mailboxes city-wide. In 2003-2004, the Department began the process of consolidating all physical and logical components of the email infrastructure and preparing for an enterprise upgrade of the City email system. The goal of the upgrade is to improve availability while providing feature enhancements, including improved remote access to email, dynamic distribution lists, and an improved user interface. In addition, email backup and recovery has been consolidated to a single tape library in preparation for the upgrade.

In 2003-2004, the Department undertook an organization-wide business process improvement (BPI) initiative. The focus of this process is the seamless integration of enabling core technologies, which will form the "virtual backbone" for the provision of City information technology services. The following outcomes have been established for this BPI project: (1) implement a work order system which integrates IT services; (2) improve the delivery of core services from the customers' perspective; (3) create a transferable blueprint for the New City Hall (NCH) model of technology service integration; and (4) provide consistent or improved services with fewer resources than the current base year. This project consists of three phases. Phase One included the integration of Customer Support and Network Operations and was completed in March 2004. Phase Two consisted of the Enterprise Applications group and will be completed in May 2004. Phase Three, comprised of Client Services, Administrative Services, Radio Communications, and City-wide "Like IT" functions will be completed in June 2004.

Strategic Support CSA

Core Service: Technology Customer Support *Information Technology Department*

Performance and Resource Overview (Cont'd.)

Phase One resulted in the creation of three work groups to more effectively and efficiently serve other departments. The Servers Group provides technical support for hardware, software and the Network Operations Center (NOC). Data Network Group provides technical support for systems' linkages and supports everything between the NOC and the plug in the wall. The Desktop Group provides technical support of hardware, initial software installation and all equipment from the plug outward to desktop units.

Also, in Phase One, the Technical Assistance Center (TAC) was identified as a key component of Customer Support. The TAC will be implemented in June 2004 and provides: (1) a single point of contact for coordination within the Department's Technical Support groups; (2) an information center for system wide issues; (3) a reference center for end users as well as technical support staff; and (4) multiple ways for customers to get service and encourage self sufficiency. The TAC incorporates an automated work order system to capture, prioritize, and manage all help desk calls that address initial level questions and/or route customer service requests to the appropriate Department groups for additional or further technical assistance.

Approximately 25% of the Information Technology Department's budget reductions reside in this core service. The proposed reductions focus on funding shifts and the elimination of positions that administratively support operations, or provide programming services to the Police Department. Lower priority projects may be delayed and customer service response times may increase. The 2004-2005 performance target for non-urgent service requests resolved within 4 hours has been lowered to 85% from 90%. The customer satisfaction performance target has also been lowered from 90% to 85%.

During February 2004, the Mayor directed the immediate elimination of 100 vacant positions. In response, a Supervising Applications Analyst position has been eliminated. The responsibilities of the position were to support and advance the Geographic Information Systems (GIS) Integration project. Without the position, the project will have no technical lead and integration of GIS enterprise-wide will be delayed until the Department can evaluate impacts of reassigning staff to this project.




Performance Measure Development

During 2004-2005, the Department will consolidate the five existing core services into three core services. This core service will merge into the new Communications and Infrastructure core service. The core service performance measures will be reviewed and, if necessary, changed to accurately reflect and measure the services contained within the new core service. In addition, as part of the BPI process, new and/or revised performance measures will be developed and implemented.

Strategic Support CSA

Core Service: Technology Customer Support Information Technology Department

Performance and Resource Overview (Cont'd.)

Technology Customer Support Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of time system is available during normal business hours				
- E-mail	99.97%	100%	99.53%	100%
- Financial Management System	98.19%	99%	97.35%	99%
- PeopleSoft	98.41%	99%	99.43%	99%
 % of service requests resolved within established guidelines:				
- 1 hour for urgent requests	100%	90%	100%	90%
- 4 hours for all other requests	83.08%	90%	76.53%	85%
 % of customers rating customer support as good or excellent based on timeliness and quality of service	89%	90%	TBD*	85%

*To be completed when the automated work order system is implemented.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of service requests	3,061	3,000	2,841	3,000
Number of calls by same user for same problem*	-	-	-	-

Technology Customer Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 6,275,654	\$ 7,258,405	\$ 8,126,183	\$ 7,774,349	7.1%
Non-Personal/Equipment	719,900	1,147,538	987,338	968,254	(15.6%)
Total	\$ 6,995,554	\$ 8,405,943	\$ 9,113,521	\$ 8,742,603	4.0%
Authorized Positions	74.06	69.46	76.26	71.76	3.3%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Technology Customer Support *Information Technology Department*

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
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EFFECTIVE USE OF STATE-OF-THE ART TECHNOLOGY

1. Police Department Technical Support	(2.00)	(185,989)	(185,989)
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This action eliminates 2.0 filled positions (1.0 Systems Applications Programmer, 1.0 Senior Systems Applications Programmer) that provide technical support to the Police Department. The Police Department has a Systems Development Unit that will assist remaining staff in fulfilling the duties of the eliminated positions. (Ongoing savings: \$202,163)

Performance Results:

Cycle Time, Customer Satisfaction Prioritization of the workload will need to occur and some projects will be placed on hold until higher prioritized projects are completed. Due to this reduction, performance targets will be decreased from 90% to 85%.

2. Information Technology Staffing	(1.50)	(83,943)	(83,943)
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This action eliminates 1.0 filled Data Processing Control Clerk position and 0.50 Office Specialist position in this core service. The positions support Network Operation data processing, perform report distribution, and support the City-wide printer service and repair function. The remainder of the Office Specialist position (0.50) is discussed in the Network and Communications Core Service (Ongoing savings: \$91,243)

Performance Results:

Cycle Time, Customer Satisfaction Cycle times for responding to data report requests may be lengthened. The Department is evaluating alternative service delivery strategies for printer maintenance and repair. Support for the remanufactured toner cartridge program will no longer be necessary in this Department because online ordering has been implemented and responsibility for paying vendor invoices has been shifted to General Services.

3. Network Consolidation Efficiencies	(1.00)	(81,902)	(16,117)
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This proposal would reduce 1.0 filled Network Technician supporting revenue control systems in the City's parking facilities. As a result of capital investments in revenue control equipment and integration in several City-owned parking facilities, the ongoing maintenance and repair once required by the older systems is being reduced. The remaining ongoing maintenance needs would be met by redeploying existing staff to cover this function as well. (Ongoing savings: \$89,024)

Performance Results:

Cycle Time, Customer Satisfaction Existing staff will be redeployed to absorb the remaining ongoing maintenance needs for the City's revenue control systems in parking facilities. Minor short-term impacts may be experienced on the timeliness of repairs during the redeployment period, however no long-term service level impacts are anticipated.

Strategic Support CSA

Core Service: Technology Customer Support Information Technology Department

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
EFFECTIVE USE OF STATE-OF-THE ART TECHNOLOGY (CONT'D.)			
4. Technology Supplies and Materials Efficiencies		(16,084)	(16,084)
This action corrects the use of special funds to be applied to non-personal expenditures that support special funded responsibilities and reduces the General Fund by the same amount. (Ongoing savings: \$16,084)			
Performance Results:			
Quality No change to service levels will result from this action.			
5. Software/Hardware Technology Efficiencies*		(3,000)	(3,000)
This action eliminates annual renewal and maintenance for third party software used in development of COBOL programs for FMS. Due to new technologies and upgrades, the City is no longer using COBOL as a report-writing tool for FMS. (Ongoing savings: \$3,000)			
Performance Results:			
Quality No change to service levels will result from this action.			
6. Technology Support Staffing Funding Shift*		0	(200,589)
This action reallocates funding for 1.5 positions (0.50 Senior Systems Applications Programmer, 1.0 Information Systems Analyst) to more accurately reflect the technical support given to the development of the Capital Improvement Program and the Library system. The Senior Systems Applications Programmer position will be funded by various Capital Funds. The Information Systems Analyst position will be funded by the Library Benefit Assessment District Fund if approved by the City Council as part of its May 4, 2004 consideration of accelerated proposals. (Ongoing savings: \$0)			
Performance Results:			
Quality No change to service levels will result from this action.			
2004-2005 Proposed Core Service Changes Total	(4.50)	(370,918)	(505,722)

* This proposal is included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum submitted for City Council consideration on May 4, 2004.

Strategic Support CSA

Core Service: Technology Solutions Consulting *Information Technology Department*

Core Service Purpose

Create and implement new technology solutions that maximize the delivery of City services.

Key Operational Services:

- ☐ Design and Development of Technology Solutions

Performance and Resource Overview

The purpose of the Technology Solutions Consulting Core Service is to provide timely technical assistance to customers who are defining and actively designing their technology requirements and/or implementing applications. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology*.

In 2003-2004, four large information technology projects were tracked in this core service: 1) the Police Department's Automated Reporting System; 2) the San José Permits On-line System; 3) the Computer Aided Dispatch and Automatic Vehicle Location System; and 4) the City's new utility billing system (CUSP). All of these projects are scheduled for implementation in 2003-2004 and 2004-2005.

The San José Permits On-line System implemented the following segments: 1) The integration of a stand-alone permit tracking systems in various departments into one comprehensive system that contains all permit, land use, and geographic data pertaining to a specific parcel providing a single access point. The system will be web-enabled to allow customers to obtain all property and permit records via the Internet. 2) The creation of internet services that provide registered customers with the on-line ability to schedule, cancel or modify inspection requests as well as view their inspection results and histories on-line. 3) The Interactive Voice Recognition (IVR) System was implemented for Permits On-line. The IVR project will allow customers to schedule inspections during non-business hours via touch-tone phone. The web-based services eliminate staff involvement and allow customers to conduct business with the City during non-business hours. Based on a recently completed comparison of top-ranked e-Government web sites, the City offers the most comprehensive on-line development services offered by any city. In 2004, additional web-based services will be made available to customers city-wide. These include Application Submittal, Fee Estimates, Fee Payment, and Document Retrieval.

The Police Department's Automated Information System (AIS) project was implemented in November 2001. The final chapter in the Police Department's automation effort is the Automated Reporting System (ARS), also known as In-Field Reporting (IFR). The ARS component is the cornerstone of the data entry flow into the Records Management System (RMS) of AIS. This effort will reduce the gap between data collection and data entry, and thus improve data quality. For

Strategic Support CSA

Core Service: Technology Solutions Consulting *Information Technology Department*

Performance and Resource Overview (Cont'd.)

example, an officer in the field will have the capability to enter data soon after an event has occurred rather than at a later time and/or by someone who was not present at the scene. To meet this goal, the Department must procure software and hardware, integrate RMS, and install mobile data computers. All the equipment, installation and integration are estimated to be completed in the first quarter of 2004-2005.

The Police and Fire Departments have been utilizing Computer Aided Dispatch (CAD) systems since San José assumed the responsibilities for communications services in 1990. The CAD system is comprised of software that was designed in the late 1980s and hardware that was upgraded in 1995. Today's modern CAD system provides ease of use and flexibility that the current legacy system cannot offer. In addition, though only eight years old, it has been difficult to find parts for the existing hardware. For these reasons, both the Fire and Police Departments are jointly in the process of replacing the CAD with new state-of-the-art technology.

Along with the CAD replacement, the City is in the process of enhancing the existing radio data network to provide location data to the CAD from each police vehicle and fire apparatus. This data will come from Global Positional Receivers mounted in each vehicle and is commonly called Automatic Vehicle Location (AVL). The AVL system will allow dispatchers to ascertain the closest unit to a call for service based on their actual location as opposed to recommendations based on a static table. This will ensure the units responding at the exact location as quickly as possible. The AVL feature should reduce overall response times to emergency calls for service and increase officer/firefighter safety on the streets. A key component of the foundational data for this new system will be the creation and integration of a Geographic Information System database for the City, as discussed in further detail in the City-Wide Database Management core service. The CAD and AVL systems are scheduled for implementation in June 2004.

For 2003-2004, the CUSP project continued to be tracked in this core service. CUSP is an application which will address three main functional areas: Customer Relationship Management, Utility Billing System, and Partner Relationship Management for city-wide utility billing needs. The CUSP RFP was issued at the end of May 2003. In 2004, staff presented an update on this process to Council. Due to the existing budgetary constraints, Council was presented with four alternatives as part of the RFP process, each of which included an analysis of the related risks and benefits and a return on investment. Council decided to proceed with the RFP process to procure a solution, which will be operated by the City. It is estimated that a vendor will be selected and implementation started prior to the end of 2003-2004.

During February 2004, the Mayor directed the immediate elimination of 100 vacant positions. In response, a Supervising Applications Analyst position was deleted. The responsibilities of the position were to support and advance the Geographic Information Systems (GIS) Integration project. With the loss of this position, the project currently has no technical lead and integration of GIS enterprise-wide will be delayed until alternate resources can be redeployed.




Strategic Support CSA

Core Service: Technology Solutions Consulting Information Technology Department

Performance and Resource Overview (Cont'd.)

Performance Measure Development

During 2004-2005, the department will be consolidating the existing five core services into three core services. This core service will be merged into three new core services: Corporate Applications, Client Services and Coordination, and Communications and Infrastructure. The core service performance measures will be reviewed and, if necessary, changed to accurately reflect and measure the services contained within the new core service.

Technology Solutions Consulting Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of all projects* successfully completed as planned based on the following conditions:	(0 of 2)	(4 of 4)	(4 of 4)	(3 of 3)
- Customer needs and requirements	-	100%	100%	100%
- Project plan	-	100%	100%	100%
- Implementation Schedule	-	100%	100%	100%
- Budget	-	100%	100%	100%
 Total cost of direct resources utilized on each new technology project/total IT budget **				
 % of time customer service expectations are met or exceeded based on the following: ***				
- Application meeting customer need based on a 90 day go-live time frame	-	TBD***	TBD***	TBD***
- Support provided throughout the development process	-	TBD***	TBD***	TBD***

* The Department is only reporting on major projects (Automated Reporting System, San José Permits On-Line System, and CUSP).

** The activities in this core service will be merged in 2004-2005, and this performance measure will be altered.

*** See Performance Measure Development section.

Strategic Support CSA

Core Service: Technology Solutions Consulting Information Technology Department

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of major projects underway	3	4	4	3
Total IT budget	\$17,505,459	\$16,662,907	\$16,025,000	\$16,342,999
Number of planned projects*	-	-	-	-

* See Performance Measure Development section.

Technology Solutions Consulting Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 677,393	\$ 600,890	\$ 595,616	\$ 595,616	(0.9%)
Non-Personal/Equipment	11	-	-	-	N/A
Total	\$ 677,404	\$ 600,890	\$ 595,616	\$ 595,616	(0.9%)
Authorized Positions	5.36	4.96	4.76	4.76	(4.0%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Technology Solutions Consulting *Information Technology Department*

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
EFFECTIVE USE OF STATE-OF-THE ART TECHNOLOGY			
1. Technology Support Staffing Funding Shift		0	(12,714)
This action reallocates funding for 0.3 Information Systems Analyst position providing GIS services and 0.1 Information Systems Analyst position providing support to the Library. Funding will be reallocated from the General Fund to Development Fee Programs and the Library Benefit Assessment District Fund. (Ongoing savings: \$0)			
Performance Results:			
Quality No change to service levels will result from this action.			
2004-2005 Proposed Core Service Changes Total	0.00	0	(12,714)

Strategic Support CSA

Core Service: Technology Strategic Planning *Information Technology Department*

Core Service Purpose

Ensure optimal resource utilization and technology investments across the City-wide organization.

Key Operational Services:

☐ Strategic Master Plan

☐ Equipment Life Cycle Assessment

Performance and Resource Overview

The purpose of the Technology Strategic Planning Core Service is to provide leadership in the area of technology for the City organization, ensuring that technology investments are coordinated, efficient and effective. The City of San José's Information Technology Master Plan facilitates this purpose. This core service contributes to the Strategic Support CSA's outcome: *Effective Use of State-Of-The-Art Technology*.

The Information Technology Planning Board (ITPB) identified three strategic initiatives of highest priority for implementation in 2003-2004. The initiatives are: 1) Implement the City of San José e-Government Strategy; 2) Integrate "like" information technology functions throughout the City; and 3) Update to the City's Information Technology Master Plan.

One of the five-year strategic goals for the Strategic Support CSA is: "Implement e-Government services." In the second quarter of 2002-2003, the ITPB presented a report to the City Council that proposed the City's vision of e-Government, *"to leverage technology to enable seamless service to citizens,"* and the first e-Government application that would be implemented is Class Registration and Payments On-line for the classes offered by the Department of Parks, Recreation, and Neighborhood Services (PRNS). The e-Government Project Manager was hired in June 2003 and the ITPB reported back to the Making Government Work Better (MGWB) Committee in the first quarter of 2003-2004 with a project plan that described the implementation schedule for this project. However, in the third quarter of 2003-2004, the ITPB recommended to the MGWB Committee that this project be deferred until January 2005. The deferral will allow PRNS to determine what level of services they will provide in light of the budgetary difficulties.

The study and final report on the integration of "like" IT functions was completed and accepted by the ITPB and the City Manager. This service delivery model means a major change for the organization, which to date has been very difficult to implement. The New City Hall project offers the opportunity to revisit the benefits provided by consolidated IT as recommended by the study. In preparation for this integrated approach to technical support and to facilitate the implementation of technology services and hardware consolidation for departments moving to the New City Hall, 11 departmental network positions will be moved into the Information Technology Department in 2004-2005.

Strategic Support CSA

Core Service: Technology Strategic Planning *Information Technology Department*

Performance and Resource Overview (Cont'd.)

The ITPB has also initiated an update of information technology management standards, policies, and guidelines, along with embarking upon an update of the Information Technology Master Plan. However, due to the loss of one Deputy Chief Information Officer in the first quarter of 2003-2004 and the planning efforts that are occurring with the New City Hall, this effort has been placed on hold. Once the update process is reinitiated, the ITPB will prioritize the strategic initiatives contained in the revised Master Plan. By continuing to update and implement the strategic initiatives identified in the Information Technology Master Plan, the City demonstrates its commitment to improving the way technology and information resources can be used to provide services to residents.

During 2003-2004, the foremost priority of the Department has been preparing project plans, RFP's and project timelines for major technology components in the New City Hall: 1) fiber connectivity from 4 North 2nd Street facility to the NCH; 2) new converged network for voice and data; 3) server consolidations and storage area network for departments moving to the NCH; 4) horizontal cabling; 5) radio and wireless communications; 6) audio visual needs; 7) informational kiosks, and 8) the facility management information system. Integrating, consolidating and leveraging existing information technology resources are key strategic outcomes of the NCH technology planning effort. These projects directly support the strategic initiative in the Economic Development Strategy to "Make San José a Tech Savvy City; Lead the Way in Using Technology to Improve Daily Life", and support the customer service delivery model and associated organizational transformation envisioned for the NCH. The Information Technology and General Services Departments released RFPs for the two largest NCH technology components: Converged Network (VoIP) and Server Consolidation/Storage Area Network, in March and April 2004, respectively.

The design and construction of the NCH represents a tremendous opportunity for organizational change for the City. The Department is playing a key role in this effort, called One Voice, by providing consulting and strategic planning for technology solutions to assist the City organization in operating as one organization serving the community. In October 2003, City staff was directed to create a cross-departmental/agency One Voice structure that would redefine the way the City does business. The goal of this new structure is to forge partnerships that provide seamless communication and services resulting in a unified project delivery system. In February 2004, five initial pilot projects were identified. Completed business cases for each of the pilot projects will be developed. These business cases illustrate the One Voice framework to achieve project goals. The completed business cases provide a detailed analysis of costs and benefits for each project, project deliverables, performance metrics, communication strategies (internal and external), project management processes, and resource needs (financial, people, and technology).

During February 2004, the Mayor directed the immediate elimination of 100 vacant positions. In response, a Senior Systems Applications Programmer position was deleted from this core service. The vacant position was intended to have responsibility for work related to e-Government projects. The first project was the currently on-hold online registration for community classes system. The elimination of this position removes the only technical staff member completely dedicated to the support of e-Government projects.

Strategic Support CSA




Core Service: Technology Strategic Planning Information Technology Department

Performance and Resource Overview (Cont'd.)

Performance Measure Development

It should be noted that no budget proposals requesting additional funding for technology items were prepared for this fiscal year, therefore, the “% of information technology related budget proposals that incorporate vision and strategies outlined in the master plan” was not applicable.

During 2004-2005, the Department will be consolidating the existing five core services into three core services. This core service will be merged into three new core services: Corporate Applications, Client Services and Coordination, and Communications and Infrastructure. The core service performance measures will be reviewed and, if necessary, changed to accurately reflect and measure the services contained within the new core service.

Technology Strategic Planning Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of strategies developed in the master plan that are adopted and adhered to by the individual departments*	25% (1 of 4)	100% (3 of 3)	0% (0 of 3)	100% (2 of 2)
 % of responses from IT Planning Board members & departments that are good or excellent in the following areas:				
- Timeliness of decisions made	36%	85%	TBD**	85%
- Perception of benefit/value added by Strategic Planning	45%	85%	TBD**	85%
- Impact upon planning & preparation of IT related budget requests	37%	85%	TBD**	85%
 % of information technology related budget proposals that incorporate vision and strategies outlined in the master plan	95%	95%	N/A***	95%

* This number represents the percentage of the prioritized initiatives identified by the ITPB.

** Survey to be completed in the fourth quarter of 2003-2004.

*** See Performance Measure Development.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Total IT budget	\$17,505,459	\$16,662,907	\$16,025,000	\$16,342,999
Budget for IT Planning Board	\$30,000	\$30,000	\$30,000	\$30,000
Number of meetings on an annual basis	16	12	9	12

Strategic Support CSA

Core Service: Technology Strategic Planning Information Technology Department

Performance and Resource Overview (Cont'd.)

Technology Strategic Planning Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 266,109	\$ 258,577	\$ 558,343	\$ 558,343	115.9%
Non-Personal/Equipment	52,101	17,800	17,600	17,600	(1.1%)
Total	\$ 318,210	\$ 276,377	\$ 575,943	\$ 575,943	108.4%
Authorized Positions	1.40	1.30	3.50	3.50	169.2%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Strategic Support CSA

Core Service: Training and Development *Employee Services Department*

Core Service Purpose

Provide programs that build the capacity of individual employees.

Key Operational Services:

- | | |
|---|--|
| <input type="checkbox"/> Classroom Training Programs | <input type="checkbox"/> New Employee Orientations |
| <input type="checkbox"/> Leadership and Management
Training Programs | <input type="checkbox"/> Tuition Reimbursements |
| <input type="checkbox"/> Certificate Programs | |

Performance and Resource Overview

The Training and Development core service strives to develop individual employees as the valuable components of a high-performing workforce. This core service is related to the Strategic Support CSA's outcome: *A High Performing Workforce that is Committed to Exceeding Customer Expectations.*

The Training and Development Core Service offers a city-wide training program that focuses primarily on the New Employee Orientation Program (NEO), leadership and supervision training, and a selection of classes teaching computer, communication, technical, and City operations skills. This city-wide training program was developed in cooperation with the City Manager's Office and departmental training representatives, so that it would be responsive to the needs of the City organization and would complement departmental training programs.

During 2003-2004, NEO offered six sessions on organizational values, policies and practices, so that all benefited employees could attend within the first eight weeks of employment. The Leadership and Supervision Academy (LSA) was offered six times in 2003-2004, graduating 180 of the organization's 1,000 supervisors and managers. Of those who attended LSA, 85% rated the effectiveness of training classes as good to excellent. In addition, 86% rated the instruction as good to excellent for relevance to job and career development and quality of instruction. Two hundred seventy training courses are estimated to be offered in 2003-2004. The "% of supervisors who say training improves employees' job performance" is estimated to be 86%.

During 2004-2005, the core service will focus on implementing a new mentoring program, training for managers and supervisors, and the NEO Program. The LSA continue to be offered six times in 2004-2005, allowing 180 employees to take part in this professional development activity. In addition, two new programs will be implemented in 2004-2005. "The Art and Practice of Leadership," an advanced leadership academy, will provide 25 employees training that is tailored to their needs, based on an assessment of the individual's strengths and weaknesses, as evaluated by their peers. In addition, the Department will implement a new pilot mentoring program for






Strategic Support CSA

Core Service: Training and Development *Employee Services Department*

Performance and Resource Overview (Cont'd.)

employees to participate as a mentors or mentees in a structured nine month program. The purpose of these programs is to train and develop a diverse and highly talented employee group that is ready to assume higher levels of responsibility and leadership within the City organization. With an estimated one-third of the current work force eligible to retire within the next five years, these programs are critical to establishing a high-quality succession plan for continuity of leadership.

Included in this document is a proposal to eliminate \$32,700 in Training Program funding for hardware and software upgrades. The impact of this reduction would be partially mitigated by the shift of these costs to the City-Wide Expenses Training and Continuous Improvement Program appropriation, which is proposed to be reduced from \$250,000 to \$150,000. (Please refer to the City-Wide Expenses section of this CSA for additional information.) The combined effect of these reductions would be a decrease in the number of courses (from 270 to 100) and the number of attendees (from 3,000 to 800). The remaining training resources will be focused on high priority programs such as mentoring, pervision and leadership academy, leadership and supervision training, and new employee orientations.

Training and Development Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of supervisors who say training improves employees' job performance	86%	85%	86%	85%
 % of employees rating the effectiveness of training classes as good to excellent	86%	90%	85%	85%
 % of training requests filled within time objectives	90%	90%	90%	90%
 % of customers very satisfied with employee development services (4 or better on a 1-5 scale)	98%	95%	97%	95%
 % of attendees who say that the training class met their objectives	86%	90%	85%	85%

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of training courses offered	319	200	270	100
Number of training hours provided	2,160	1,500	1,625	600
Number of training registrations processed	6,226	6,000	5,500	1,200
Number of training attendees	3,683	3,000	3,000	800

Strategic Support CSA

Core Service: Training and Development Employee Services Department

Performance and Resource Overview (Cont'd.)

Training and Development Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 242,295	\$ 251,443	\$ 262,521	\$ 262,521	4.4%
Non-Personal/Equipment	0	32,700	32,700	0	(100.0%)
Total	\$ 242,295	\$ 284,143	\$ 295,221	\$ 262,521	(7.6%)
Authorized Positions	4.00	3.00	3.00	3.00	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS			
1. Training Program Hardware and Software		(32,700)	(32,700)
This action would eliminate non-personal/equipment funding in the Training Program. Hardware and software upgrades that have been funded from this allocation will instead be funded by the City-Wide Training and Continuous Improvement Program appropriation, which has also been proposed for reduction.			
Performance Results			
No change to service levels will result from this action.			
2004-2005 Proposed Core Service Changes Total		(32,700)	(32,700)

Strategic Support CSA

Strategic Support *Employee Services Department*

Strategic Support represents the services provided within departments that support and guide the provision of the core services. Strategic Support within the Employee Services Department includes:

- ☐ Administration
- ☐ Financial Management
- ☐ Personnel Management
- ☐ HR Systems Management

Performance and Resource Overview

Strategic Support in Employee Services Department includes the underlying systems that allow the department to function such as personnel, budget, and information systems management.

The replacement of a vacant Administrative Officer position with an Administrative Manager position is proposed for 2004-2005. The Administrative Manager would assume a combination of the duties and responsibilities currently performed by the Strategic Support Administrative Officer and the Human Resources Information Systems Manager (Senior Analyst). This realignment of administrative staffing is appropriate given the reductions to staffing levels within the Employee Services Department in the last two years.

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 1,126,396	\$ 912,733	\$ 928,824	\$ 901,838	(1.2%)
Non-Personal/Equipment	250,860	125,003	125,003	124,263	(0.6%)
Total	\$ 1,377,256	\$ 1,037,736	\$ 1,053,827	\$ 1,026,101	(1.1%)
Authorized Positions	10.50	8.50	8.50	8.50	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Strategic Support *Employee Services Department*

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
A HIGH PERFORMING WORKFORCE THAT IS COMMITTED TO EXCEEDING CUSTOMER EXPECTATIONS			
1. Administrative Staffing Realignment		(26,985)	(26,985)
This action eliminates a vacant Administrative Officer position and adds an Administrative Manager position. The Administrative Manager would assume a combination of duties and responsibilities of both the Administrative Officer and the HRIS Systems Manager, which is currently funded on a one-time basis through the end of 2003-2004. This realignment is consistent with the needs of the Department, given the staffing level reductions in the last two years. (Ongoing savings: \$22,867)			
Performance Results			
No change to service levels will result from this action.			
1. Cellular Telephone Service Cost Efficiencies		(740)	(740)
This action reduces the cost of cellular telephone service by 15% as a result of purchasing cellular telephone services and equipment under the Western States Consortium Agreement (WSCA) and optimizing rate plans to avoid overage charges. The impact of this reduction is a cost savings of \$254,372 city-wide, of which \$204,296 is generated in the General Fund. The cost savings in the Employee Services Department, Strategic Support, is \$740. (Ongoing savings: \$740)			
Performance Results			
No change to service levels will result from this action.			
2004-2005 Strategic Support Changes Total		(27,725)	(27,725)

Strategic Support CSA

Strategic Support *Finance Department*

Strategic Support represents services provided within departments that support and guide the provision of the core services.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Analytical Support | <input type="checkbox"/> Computer Network Services |
| <input type="checkbox"/> Budget/Fiscal Management | <input type="checkbox"/> Human Resources Management |
| <input type="checkbox"/> Contract Administration | <input type="checkbox"/> Administrative Support |

Performance and Resource Overview

Within the scope of Strategic Support, departmental core services are guided through planning, organizing, directing, and evaluating service delivery to achieve departmental objectives. These support services ensure that programs and services are developed, implemented and enhanced in a manner consistent with City policies and procedures. In addition, Strategic Support is instrumental in the delivery of direct services to the public and in providing coordinated responses to requests for information by other departments, the City Administration, and the City Council.

Due to challenges presented by budgetary constraints, Strategic Support services will be reduced in 2004-2005. Strategic Support staff will be reduced by one Administrative Officer responsible for assisting with financial analysis, review, and budget preparation for the Finance Department and Strategic Support CSA. The services provided will be distributed to remaining support staff. In addition, Strategic Support services will be impeded by a reduction in computer network support. This cutback will reduce support for the Finance Department network, PC's and servers including the enterprise utility billing system (Socrates). These services will be added to the responsibilities of one remaining network support staff resulting in longer response times and potential delays for support on PC's, servers, and the enterprise utility billing system. Although Strategic Support exceeded the target estimate for customer satisfaction by 5% for 2003-2004, a decrease is predicted for 2004-2005.






In 2003-2004, an estimated 9% of the Finance Department's 105 employees will receive 40 hours of relevant training annually and 12% of employees will receive 20 hours of relevant training annually. A factor impacting performance in this area was the high vacancy rates experienced since the city-wide hiring freeze. Due to workload and service demands, many staff were unable to meet the 40-hour training goal. As workloads continue to increase and staffing levels decrease, the target will be reduced to 7% of employees receiving 40 hours of training in 2004-2005.

As the number of employees decrease and the workload remains relatively constant, the number of training hours are expected to decrease from an estimated 800 in 2003-2004 to 700 in 2004-2005.

Strategic Support CSA

Strategic Support Finance Department

Performance and Resource Overview (Cont'd.)

Strategic Support Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of employees receiving 40 hours of relevant training annually	8%	10%	9%	7%
 Ratio of strategic support services Cost to total department budget	14%	16%	15%	13%
 % of financial transactions completed within established time guidelines	to be developed in 2004-2005			
 % of personnel transactions completed within established time guidelines	to be developed in 2004-2005			
 % of customers rating strategic support services as good or excellent on a 5-point scale based on courteous and timely responses to requests for information	75%	70%	75%	70%

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Total cost for Strategic Support services	1.45M	1.74M	1.44M	1.24M
Total department budget	10.61M	11.12M	9.33M	9.29M
Total number of department employees	119	116	110	105
Total number of Strategic Support employees	14	14	14	12
Total number of employees receiving 40 hours of relevant training	10	12	10	8
Total number of training hours provided	998	1000	800	700
Total number of survey responses	100	75	100	100

Strategic Support CSA

Strategic Support Finance Department

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,691,368	\$ 1,484,108	\$ 1,349,929	\$ 1,092,257	(26.4%)
Non-Personal/Equipment	438,558	258,053	258,053	257,428	(0.2%)
Total	\$ 2,129,926	\$ 1,742,161	\$ 1,607,982	\$ 1,349,685	(22.5%)
Authorized Positions	13.71	13.71	12.51	9.68	(29.4%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
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SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY

1. Finance Administrative Staffing Reductions (1.83) (177,983) (147,566)

This proposal eliminates a filled Administrative Officer and 0.83 of a filled Secretary position. The Administrative Officer position provides management support for revenue collection efforts including tax and fee compliance reviews, accounts receivable analysis, and legislative analysis. The Secretary position provides direct customer support for the City's Business Tax, Sanitary and Storm Sewer Use, Recycle Plus, and Regulatory Permits programs as well as prepare financial reports and analysis. (Ongoing savings: \$193,461)

Performance Results:

Cycle Time Existing staff will absorb the responsibilities of the eliminated positions, resulting in longer response times and potential delays for internal financial analysis and reports.

2. Network Support Staffing (1.0) (79,689) (55,782)

This proposal eliminates 1.0 filled Network Technician position responsible for providing support for the Finance Department's network and servers including the enterprise utility billing system. (Ongoing savings: \$86,618)

Performance Results:

Cycle Time Existing staff will absorb the responsibilities of this position, resulting in longer response times and potential delays for support on PC's, servers, and the enterprise utility billing system.

Strategic Support CSA

Strategic Support *Finance Department*

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
SOUND FISCAL MANAGEMENT THAT FACILITATES MEETING THE NEEDS OF THE COMMUNITY (CONT'D.)			
3. Cellular Telephone Service Cost Efficiencies		(625)	(625)
This action reduces the cost of cellular telephone service by 15% as a result of purchasing cellular telephone services and equipment under the Western States Consortium Agreement (WSCA) and optimizing rate plans to avoid overage charges. The impact of this reduction is a cost savings of \$254,372 city-wide, of which \$204,296 is generated in the General Fund. The cost savings in the Finance Department, Strategic Support Core Service, is \$625. (Ongoing savings: \$625)			
Performance Results:			
Quality No change to service levels will result from this action.			
2004-2005 Proposed Strategic Support Changes Total	(2.83)	(258,297)	(203,973)

Strategic Support CSA

Strategic Support *General Services Department*

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within General Services includes:

Key Operational Services:

- | | |
|--|--|
| <input type="checkbox"/> Network/Computer Systems Management | <input type="checkbox"/> Programmatic/Administrative Support |
| <input type="checkbox"/> Budget/Fiscal Management | <input type="checkbox"/> Strategic Planning/Leadership |
| <input type="checkbox"/> Property Management | |

Performance and Resource Overview

Strategic Support provides administrative support for the General Services Department. Strategic Support includes network and computer systems management, fiscal management, property management and organizational development.

For 2004-2005, the Property Management section is proposed to be reduced by 33% through the elimination of a Real Property Agent. Property management will have to focus on time critical property issues such as lease renewal and negotiations. Cycle times will increase significantly for services such as surplus property sales, rights of way and easements, and assessments. These will also limit the department's ability to increase proactive surplus property outreach.

Also proposed is the reduction of an Analyst that supports the Stores Fund, Materials Management, and Purchasing. In addition to personnel related issues and fiscal transactions, this position also coordinates all retention schedules related to records management, which was a function that was absorbed due to the deletion of the Archivist position.

Strategic Support will continue to strive to meet customer expectations, to find cost savings opportunities and to maintain quality standards. However, as a result of undertaking resource reduction to achieve operational savings, service level reductions will be necessary. Staff will be redeployed to meet the organization's highest needs including budget and fiscal management, basic network support, property management related to the New Civic Center, employee services and employee relations.

Strategic Support CSA

Strategic Support General Services Department

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 924,784	\$ 1,069,018	\$ 1,051,717	\$ 875,845	(18.1%)
Non-Personal/Equipment	9,356,171	8,713,160	6,655,242	6,637,052	(23.8%)
Total	\$ 10,280,955	\$ 9,782,178	\$ 7,706,959	\$ 7,512,897	(23.2%)
Authorized Positions	9.50	9.50	9.00	7.00	(26.3%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
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SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT

1. Property Management Staffing (1.00) (90,728) (90,728)

The proposal would eliminate a filled Real Property Agent. This represents a 33% decrease in staffing for Property Management in General Services Department. (Ongoing savings: \$98,976)

Performance Results:

Cycle Time Cycle times will significantly increase for surplus property sales, rights of way, easements and assessments. There will also be an impact on the department's ability to increase proactive surplus property outreach. Ongoing efforts to implement Real Estate audit recommendations will be delayed.

2. General Services Analytical Support Staffing (1.00) (85,144) (85,144)

This proposal eliminates a filled Analyst position. This position supports the Stores Fund, as well as the Purchasing and Materials Management sections of the General Services Department. (Ongoing savings: \$92,884)

Performance Results:

Cycle Time Cycle times will significantly increase for fiscal related support for the Stores Fund. In addition, several analytical support functions in Purchasing and Materials Management will no longer be performed.

Strategic Support CSA

Strategic Support *General Services Department*

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS AND EQUIPMENT (CONT'D.)			
3. Cellular Telephone Service Cost Efficiencies		(18,190)	(18,190)
This action reduces the cost of cellular telephone service by 15% as a result of purchasing cellular telephone services and equipment under the Western States Consortium Agreement (WSCA) and optimizing rate plans to avoid overage charges. The impact of this reduction is a cost savings of \$254,372 city-wide, of which \$204,296 is generated in the General Fund. The cost savings in the General Services Department, Strategic Support Core Service is \$18,190. (Ongoing savings: \$18,190)			
Performance Results: No changes to current service levels are anticipated.			
2004-2005 Proposed Strategic Support Changes Total	(2.00)	(194,062)	(194,062)

Strategic Support CSA

Strategic Support Information Technology Department

Strategic Support represents services provided within the department that support and guide the provision of the core services. While there are resources and performance measure associated with strategic support at an operational level, those are not presented separately in this document. Instead, the resources are allocated to each core service according to the level of support provided. Similarly, performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery.

Key Operational Services:

- ☐ Clerical Support
- ☐ Employee Services
- ☐ Financial Management
- ☐ Special Projects
- ☐ Training Management

Performance and Resource Overview

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 353,318	\$ 340,637	\$ 335,384	\$ 335,384	(1.5%)
Non-Personal/Equipment	431,467	246,219	246,219	193,226	(21.5%)
Total	\$ 784,785	\$ 586,856	\$ 581,603	\$ 528,610	(9.9%)
Authorized Positions	4.20	2.70	2.70	2.70	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Strategic Support *Information Technology Department*

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
EFFECTIVE USE OF STATE-OF-THE ART TECHNOLOGY			
1. Technology Supplies and Materials Efficiencies		(52,993)	(52,993)
This action reduces supplies, materials and training in the Information Technology Department. The department will exercise additional prudence in procuring supplies, materials and repair services. Resources for training will be sought through project funds. (Ongoing savings: \$52,993)			
Performance Results:			
Cycle Time, Quality Timing associated with projects may be extended as creative solutions to avoid the purchase of supplies will have to be generated. Supplies will be recycled whenever possible. Project funds will be requested for training.			
2004-2005 Proposed Strategic Support Changes Total	0.00	(52,993)	(52,993)

Strategic Support CSA

Strategic Support *Public Works Department*

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic support within the Public Works Department includes:

- | | |
|--|--|
| <input type="checkbox"/> Real Estate | <input type="checkbox"/> Financial and Contractual |
| <input type="checkbox"/> Public Outreach | Administration |
| <input type="checkbox"/> Strategic Planning/Leadership | <input type="checkbox"/> Employee Services |
| <input type="checkbox"/> Infrastructure and Mapping | |

Performance and Resource Overview

Strategic Support for the Public Works Department within the Strategic Support CSA provides the following services:

Real Estate

Provides quality and cost effective real estate services in a timely manner to City departments and the Redevelopment Agency. Services are performed while assuring the City's compliance with the applicable local, state, and federal government laws and regulations. Services include appraisal, acquisition, relocation, site feasibility analysis, and special projects.

Public Outreach

Conducts outreach activities to small and local businesses and promotes department contract and consultant opportunities to the business community. Outreach activities include quarterly and annual educational presentations targeted at small and local businesses, inter-departmental development of a small business tracking system and electronic newsletter, and improvements to the CIP Database to allow for on-line registration to deliver e-mail notifications of construction contract and consultant opportunities.

Strategic Planning/Leadership

Provides strategic planning and direction on department-wide issues that may affect multiple CSAs. Promotes organizational development and establishes the framework for an efficient operating structure that promotes the timely delivery of projects and services.

Infrastructure and Mapping

Updates the City's Geographic Information System base maps, the CIP database and web page, and coordinates the Infrastructure Management Systems. The base maps include data on parcels, streets, storm sewers, sanitary sewers, water lines, and streetlights.

Strategic Support CSA

Strategic Support *Public Works Department*

Financial and Contractual Administration

Provides fiscal management, accounting services, budget analysis, and centralized contract administration for the Public Works Department. Assists the public with construction issues and invites construction project bids through a bid hotline and the Internet.

Employee Services

Provides recruitment, hiring and promotion services to support all Public Works functions and maintenance of all personnel files and related information. Training support and monitoring, maintenance of the training library, oversight of employee safety and ergonomics programs, and direction of the Employee Recognition Program are also provided to Public Works staff.

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 5,503,309	\$ 6,128,502	\$ 6,869,534	\$ 6,087,978	(0.7%)
Non-Personal/Equipment	277,534	464,630	426,970	278,388	(40.1%)
Total	\$ 5,780,843	\$ 6,593,132	\$ 7,296,504	\$ 6,366,366	(3.4%)
Authorized Positions	59.04	59.04	65.62	56.53	(4.3%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Strategic Support *Public Works Department*

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
------------------------------------	-----------	----------------	-------------------

SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS, AND EQUIPMENT

- | | | | |
|--|--------|-----------|---|
| 1. Right-Sizing of Public Works Capital Improvement Program Staffing – Accelerated Vacancy Cuts* | (5.00) | (450,802) | 0 |
|--|--------|-----------|---|

Public Works staff has completed a department-wide staffing analysis for the 2004-2005 Capital Improvement Program (CIP). Results of this analysis indicate that 39.0 positions (28.0 vacant and 11.0 filled) will not be required to support the 2004-2005 CIP workload. Funding levels in the CIP have declined due to a reduction in the development-related taxes that support the program and a reduction in the availability of regional transportation grants. The elimination of vacant positions within Strategic Support includes: 1.0 Analyst, 1.0 Geographic Systems Specialist, 2.0 Real Property Agent, and 1.0 Senior Accountant. (Ongoing savings: \$450,802)

Performance Results:

Quality This action would have no effect on the quality of project delivery as the proposed reductions align with anticipated workload reductions in the CIP.

- | | | | |
|--|--------|-----------|---|
| 2. Right-Sizing of Public Works Capital Improvement Program Staffing | (4.00) | (317,584) | 0 |
|--|--------|-----------|---|

Public Works staff has completed a department-wide staffing analysis for the 2004-2005 Capital Improvement Program (CIP). Results of this analysis indicate that 39.0 positions (28.0 vacant and 11.0 filled) will not be required to support the 2004-2005 CIP workload. Funding levels in the CIP have declined due to a reduction in the development-related taxes that support the program and a reduction in the availability of regional transportation grants. The elimination of filled positions within Strategic Support includes: 2.0 Analyst, 1.0 Associate Construction Inspector, and 1.0 Senior Office Specialist. (Ongoing savings: \$346,455)

Performance Results:

Quality This action would have no effect on the quality of project delivery as the proposed reductions align with anticipated workload reductions in the CIP.

- | | | | |
|---|------|---------|-----------|
| 3. Public Works Cost Allocation Plan Redeployment | 0.91 | (9,463) | (210,932) |
|---|------|---------|-----------|

This proposal shifts portions of 0.91 General Fund Public Works positions from the Economic and Neighborhood Development CSA to the Strategic Support CSA. Additionally, this proposal transfers the funding for portions of 1.68 positions and associated non-personal/equipment within Strategic Support from the General Fund to the Public Works Cost Allocation Plan (formerly Budget Off the Top) to support capital and bond programs. This proposal will more effectively align Public Works resources with anticipated workload for 2004-2005 (Ongoing savings: \$119,938)

Performance Results:

No change to service levels will result from this action.

Strategic Support CSA

Strategic Support Public Works Department

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
SAFE AND FUNCTIONAL PUBLIC INFRASTRUCTURE, FACILITIES, MATERIALS, AND EQUIPMENT (CONT'D.)			
4. Capital Improvement Program Support	(1.00)	(89,563)	0
This action redeploys a Geographic Systems Specialist position that currently supports the Capital Improvement Program to the Public Works Development Fee Program. The increase in development activity, combined with the decrease in projects supported by the Capital Improvement Program, necessitates moving these positions into the Development Fee Program in order for the Program to achieve cycle time targets and keep up with workload. (Ongoing savings: \$89,563)			
Performance Results:			
Quality The impact of these reductions on the capital program is expected to be minimal as the proposed reductions align with anticipated workload reductions in the Capital Improvement Program.			
5. Cellular Telephone Service Cost Efficiencies		(42,726)	(42,726)
This action reduces the cost of cellular telephone service by 15% as a result of purchasing cellular telephone services and equipment under the Western States Consortium Agreement (WSCA) and optimizing rate plans to avoid overage charges. The impact of this reduction is a cost savings of \$254,372 city-wide, of which \$204,296 is generated in the General Fund. The cost savings in the Public Works Department is \$42,726. (Ongoing savings: \$42,726)			
Performance Results:			
No change to service levels will result from this action.			
6. Vehicle Maintenance Funding Reduction		(20,000)	(20,000)
This action reduces vehicle maintenance and operations costs as a result of eliminating two Equipment Mechanic Assistant positions in the General Services Department and decreasing contractual services funding. The impact of this reduction is a cost savings of \$492,788 city-wide, of which \$394,230 is generated in the General Fund. The cost savings in the Public Works Department is \$20,000. (Ongoing savings: \$20,000)			
Performance Results:			
Cycle Time, Customer Satisfaction Cycle times for preventative maintenance and minor repairs may increase due to the elimination of staff and reduction in the ability to use contractual services for peak workload periods. Customer Satisfaction may be impacted due to possible cycle time increases, however, they are anticipated to be minimal due to the reduced fleet size.			
2004-2005 Strategic Support Changes Total	(9.09)	(930,138)	(273,658)

* This proposal is included in the 2004-2005 Proposed Operating Budget: Accelerated Proposals memorandum submitted for City Council consideration on May 4, 2004.

Strategic Support CSA

Strategic Support *Retirement Services Department*

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic support within the Retirement Services Department includes:

- ☐ Retirement Boards' Support
- ☐ Contract Administration
- ☐ Training

Performance and Resource Overview

Strategic Support is an ongoing requirement to provide the core services of the department. For 2004-2005, no changes are recommended.

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2003-2004 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 173,892	\$ 205,727	\$ 211,179	\$ 211,179	2.7%
Non-Personal/Equipment	N/A	N/A	N/A	N/A	N/A
Total	\$ 173,892	205,727	\$ 211,179	\$ 211,179	2.7%
Authorized Positions	2.40	2.40	2.40	2.40	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Other Strategic Support

Mayor, City Council and Appointees



Mission: *Council appointees exist to support and advance the collective work done by the City organization through leadership, communication, and coordination.*

Mayor and City Council

- Office of the Mayor
- City Council

Office of the City Attorney

- Legal Representation
- Legal Transactions

Office of the City Auditor

- Audit Services

Office of the City Clerk

- Facilitate the City's Legislative Process

Office of the City Manager

- Analyze, Develop and Recommend Public Policy
- Lead and Advance the Organization
- Manage and Coordinate the City-wide Service Delivery System

Independent Police Auditor

- Core Service aligned to the Public Safety CSA

Redevelopment Agency

- Core Services aligned to the Economic & Neighborhood Development and Strategic Support CSAs

Other Strategic Support

Mayor, City Council and Appointees

BUDGET SUMMARY

Budget at a Glance

	2003-2004 Adopted	2004-2005 Proposed	% Change
Total Appointee Budget* (All Funds)	\$33,023,766	\$31,320,227	(5.2%)
Total Authorized Positions	215.62	196.62	(8.9%)

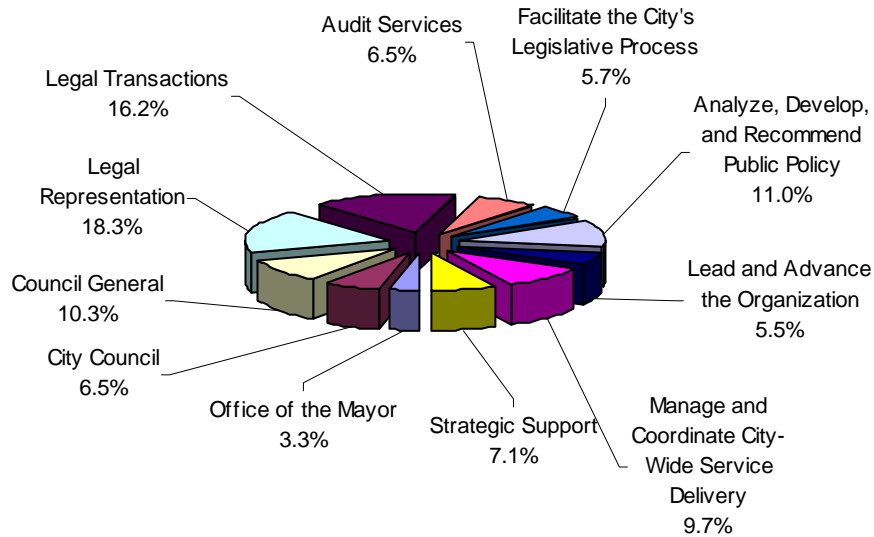
* Redevelopment Agency and Independent Police Auditor figures appear in their respective CSAs.

Budget & Performance Highlights

- The Mayor, City Council, and Appointees budgets have been reduced by 12.2%, which reflects the average reduction proposed for non-public safety City Service Areas.
- Management employee salary increases are eliminated, maintaining salaries at their current level for 2004-2005, and all Professional Development Program reimbursements have been suspended for one year.
- The Mayor and City Councilmembers will continue to review public policy and programs, adopting those policies that best meet the needs of the residents, visitors, and businesses in San José.
- The Office of the City Auditor will continue to conduct performance audits, special audits, and reviews and provide efficient and effective services with resources that are proposed to be reduced by the elimination of a Supervising Auditor.
- The City Manager's Office will continue to provide the day-to-day leadership of the organization, coordinate the "One Voice" efforts, work toward a reconfigured organization to support the Strong Neighborhoods Initiative, maintain focus on the Capital Improvement Program, and lead the cultural transformation into the new Civic Center with resources that are proposed to be reduced including the elimination of a Senior Executive Analyst and miscellaneous non-personal/equipment reductions such as supplies, consultant, and travel expenditures.
- The Office of the City Clerk will continue to provide strategic support services to the legislative body, including facilitating interaction between the legislative process and the community with resources that are proposed to be reduced including the elimination of an Office Specialist and 0.50 part-time Legislative Secretary.
- The Office of the City Attorney will continue to provide legal counsel and advice, prepare legal documents, and provide legal representation to advocate, defend and prosecute matters on behalf of the interests of the City and Redevelopment Agency with resources that are proposed to be reduced including the defunding of an Associate Deputy Attorney and a Senior Deputy City Attorney, the elimination of two Legal Administrative Assistants, a Legal Analyst, and a Deputy City Attorney.

Other Strategic Support
Mayor, City Council and Appointees
BUDGET SUMMARY

2004-2005 Total Operations by Core Service



Mayor, City Council and Appointees Budget Summary

	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Dollars by Core Service					
Mayor and City Council					
Office of the Mayor	\$ 1,139,407	\$ 1,288,996	\$ 1,216,709	\$ 1,030,481	(20.1%)
City Council	2,017,969	2,762,653	2,257,990	2,027,444	(26.6%)
Council General	2,985,626	3,367,643	3,445,069	3,216,456	(4.5%)
Office of the City Attorney					
Legal Representation	5,469,981	5,727,456	6,070,150	5,737,322	0.2%
Legal Transactions	4,883,870	5,403,842	5,509,736	5,076,072	(6.1%)
Office of the City Auditor					
Audit Services	2,206,031	2,096,804	2,297,763	2,035,336	(2.9%)
Office of the City Clerk					
Facilitate the City's Legislative Process	1,610,011	1,506,359	1,868,947	1,777,645	18.0%
Office of the City Manager					
Analyze, Develop, and Recommend Public Policy	3,119,550	3,398,143	3,479,484	3,433,326	1.0%
Lead and Advance the Organization	1,705,251	1,776,334	1,873,766	1,733,463	(2.4%)
Manage and Coordinate City-Wide Service Delivery	2,838,719	3,226,233	3,071,506	3,029,819	(6.1%)
Strategic Support	2,014,502	2,469,303	2,354,822	2,222,863	(10.0%)
Total	\$ 29,990,917	\$ 33,023,766	\$ 33,445,942	\$ 31,320,227	(5.2%)
Authorized Positions	223.12	215.62	204.12	196.62	(8.8%)

Strategic Support CSA

Mayor and City Council



Mission: *The San Jose City Council consists of ten Councilmembers elected by district and a Mayor elected at-large, each for four-year terms. The Mayor and City Council are responsible for representing the residents of San José, providing accountability, reviewing public policy and programs, and adopting those policies which best meet the needs of the residents, visitors, and businesses in San José.*

Ron Gonzales, Mayor

Linda J. LeZotte
District 1

Ken Yeager
District 6

Forrest Williams
District 2

Terry O. Gregory
District 7

Cindy Chavez
District 3

David D. Cortese
District 8

Chuck Reed
District 4

Judy Chirco
District 9

Nora Campos
District 5

Pat Dando
District 10

Strategic Support CSA

Budget Program: Office of the Mayor *Mayor and City Council*

The Office of the Mayor is responsible for developing and proposing the fiscal priorities of the City; appointing Councilmembers to the City's standing committees, boards, and commissions; providing guidance and leadership to the City Council; explaining to the community the

City's policies and programs; assisting the Council in effective exercise of its powers; and providing political leadership. The Mayor's Office also supervises the Charter-established Public Information Office responsible for the dissemination of public information and the coordination of the City's marketing efforts.

Program Budget Summary

	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Operating Expenditures	\$ 1,139,407	\$ 1,288,996	\$ 1,216,709	\$ 1,030,481	(20.1%)
Total	\$ 1,139,407	\$ 1,288,996	\$ 1,216,709	\$ 1,030,481	(20.1%)
Authorized Positions	N/A	N/A	N/A	N/A	N/A

Budget Changes By Program

Proposed Program Changes	Positions	All Funds (\$)	General Fund (\$)
1. Office of the Mayor Budget Reduction		(186,228)	(186,228)
This proposal implements a general reduction to the Office of the Mayor's operating expenditures equal to the average reduction proposed for non-public safety departments (12.2%), as directed in the Mayor's March Budget Message approved by City Council. (Ongoing savings: \$0)			
2004-2005 Proposed Changes Total	0.00	(186,228)	(186,228)

Strategic Support CSA

Budget Program: City Council *Mayor and City Council*

As established by Section 400 of the City Charter, the City Council exercises its power and determines policy through adoption of ordinances, resolutions, and motions subject to the provisions of the

City Charter and the State Constitution. The Council ensures the right of all persons to present grievances or offer suggestions for the betterment of municipal affairs.

Program Budget Summary

	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Operating Expenditures	\$ 2,017,969	\$ 2,762,653	\$ 2,257,990	\$ 2,027,444	(26.6%)
Total	\$ 2,017,969	\$ 2,762,653	\$ 2,257,990	\$ 2,027,444	(26.6%)
Authorized Positions	N/A	N/A	N/A	N/A	N/A

Budget Changes By Program

Proposed Program Changes	Positions	All Funds (\$)	General Fund (\$)
1. City Council Budget Reduction		(230,546)	(230,546)
This proposal implements a general reduction to the City Council's operating expenditures equal to the average reduction proposed for non-public safety departments (12.2%), as directed in the Mayor's March Budget Message approved by City Council. (Ongoing savings: \$0)			
2004-2005 Proposed Changes Total	0.00	(230,546)	(230,546)

Strategic Support CSA

Budget Program: Council General *Mayor and City Council*

Council General provides funding resources to the Office of the Mayor and City Council. Included in this program are Mayor and City Council Members' salary and benefits, Council Assistant benefits,

clerical support for both offices, as well as funding for miscellaneous non-personal/equipment expenditures such as travel.

Program Budget Summary

	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Operating Expenditures	\$ 2,985,626	\$ 3,367,643	\$ 3,445,069	\$ 3,216,456	(4.5%)
Total	\$ 2,985,626	\$ 3,367,643	\$ 3,445,069	\$ 3,216,456	(4.5%)
Authorized Positions	N/A	N/A	N/A	N/A	N/A

Budget Changes By Program

Proposed Program Changes	Positions	All Funds (\$)	General Fund (\$)
1. Council General Budget Reduction		(228,613)	(228,613)
This proposal implements a general reduction to the Council General's operating expenditures equal to the average reduction proposed for non-public safety departments (12.2%), as directed in the Mayor's March Budget Message approved by City Council. (Ongoing savings: \$0)			
2004-2005 Proposed Changes Total	0.00	(228,613)	(228,613)

Strategic Support CSA

Office of the City Attorney



Mission: The Office of the City Attorney serves as legal counsel to the City, its Boards and Commissions, and the Redevelopment Agency, with the goal of protecting and advancing their interests.

Internal Primary Partners

- Mayor
- City Council
- City Departments
- Redevelopment Agency
- Boards and Commissions

Outcomes

- Provide legal transactional services including oral and written legal advice, and preparation of documents to implement official City and Redevelopment Agency actions.
- Provide legal representation required to advocate, defend, and prosecute on behalf of the City and Redevelopment Agency.

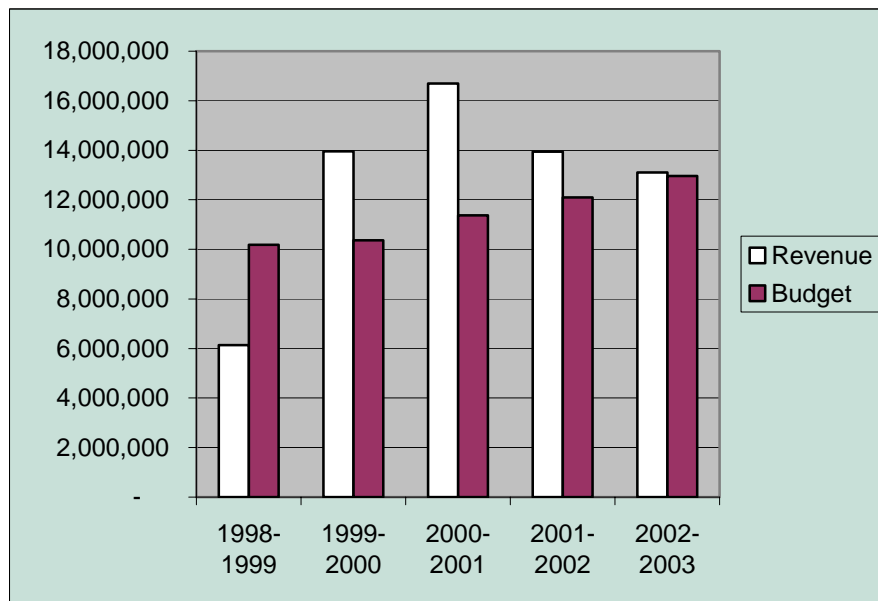
Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager

Strategic Support CSA
Office of the City Attorney
FIVE-YEAR BUSINESS PLAN

Current Position *How are we doing now?*

- The Office of the City Attorney provides comprehensive legal services to the City and Redevelopment Agency including the Mayor, City Council, Redevelopment Agency Board, City departments, boards, and commissions.
- The primary functions of the Office are to provide legal counsel and advice, prepare legal documents, and to provide legal representation to advocate, defend and prosecute matters on behalf of the interests of the City and Redevelopment Agency.
- In addition to providing routine legal services that support the clients' daily operational needs, legal transactional teams dedicate substantial staff hours to several major City and Redevelopment Agency projects.
- The Office handles almost all litigation in-house, except for matters that require specialized expertise, or in cases where the Office has a conflict.
- Litigation teams are dedicated to major cases including Story Road Revitalization, Gaming Control Regulation, Strong Neighborhoods Initiative, and Police-related matters.
- Legal Representation workload highlights and 2002-2003 data are listed below:
 - ❑ 1,308 current litigation files including civil, criminal, and administrative proceedings.
 - ❑ 825 active civil lawsuits.
 - ❑ 1,083 Workers' Compensation cases consisting of 908 claims.
 - ❑ 703 general liability claims filed in 2002-2003.
 - ❑ \$13.1 million in total revenue collections in 2002-2003.
 - ❑ SNI legal team collected \$172,250 in fines and judgments in 2002-2003.
 - ❑ Workers' Compensation third party subrogation cases recovered \$219,084 in 2002-2003.



- The City Attorney's Office aggressively seeks to recover damages on behalf of the City and Redevelopment Agency. This chart provides a five-year history comparing revenue collected with the Office's Adopted Operating Budget.

Trends / Issues / Opportunities ***What developments require our response?***

- 2004-2005 will be the third consecutive year that the City is faced with a General Fund budget shortfall.
- Continuous budget reduction actions have reached the point where delivery of legal services may be impacted, as the hiring freeze has prevented the filling of critical vacancies, and non-personal/equipment resources are more limited.
- City Service Area Business Plans are undergoing revision in response to State and local fiscal limitations. The clients' legal needs are changing.
- General Fund projects are being delayed, reduced, or eliminated. The demand for legal services may be lessened in the development services area; however, this decrease will be offset by the increased demand for capital projects.
- The City Facilities and Equipment CSA is undertaking the largest infrastructure investment program in the City's history. This effort has a value of over \$3.8 billion within the Five-Year Capital Improvement Program. The demand for legal services will increase with respect to the implementation of these projects.
- General Plan Amendments are occurring more frequently. Increased staff time is necessary for environmental reviews and attending meetings.
- Implementation of the SNI projects in neighborhoods throughout the City requires extensive legal services in drafting and reviewing documents.
- Investing in Results will provide the process to evaluate delivery of services and assess client satisfaction.

Policy Framework ***What policies guide our strategies?***

The Office is a strategic support department and the development of the Business Plan is based on the following factors:

- Legal Mandates.
- Direction from Mayor, City Council and Redevelopment Agency Board.
- City Service Area Five-Year Business Plans provide the foundation to forecast the legal needs of the City and Agency.
- Approved SNI Neighborhood Plans.
- Economic Development Strategy.
- General Plan.

Key Strategic Goals & Objectives ***Where are we going?***

The goals of the Office are to:

- Provide the highest quality legal services to our clients in a cost effective and timely manner.
- Efficiently managed of resources to meet the daily operational needs of the clients.
- Build internal capacity to flexibly respond to changing legal needs.

Strategic Support CSA
Office of the City Attorney
INVESTMENT STRATEGY

Overview

The investment strategy is being prepared at a time when the City is again challenged with addressing a General Fund budget deficit. The Mayor has directed the Office to develop a two-tiered budget reduction plan to decrease 2004–2005 General Fund expenditures. For the City Attorney’s Office, Tier 1 contains a reduction target of 12.2%, which is approximately \$1.1 million, and Tier 2 requires an additional 1.7% reduction of approximately \$155,000.

Development of the investment strategy focused on identifying cost-saving opportunities that collectively would have the least impact on daily operations. The projected shortfall for 2004-2005 marks the third consecutive year that the City will be required to implement reduction actions to balance the budget. However, the demand for legal services has not decreased during this prolonged economic downturn. Daily operational processes and staff assignments are continuously modified to meet the clients’ legal needs in a timely manner. Although the resources are more limited, the Office remains committed to efficiently maintaining service levels. The Office will be proactive in communicating service impacts to the clients and in seeking input on priorities to ensure that the matters of the greatest importance are completed in a timely manner.

The Office has successfully met its budget reduction target for the past three years without employee layoffs. This accomplishment is worth noting as ninety-one percent (91%) of the Office’s total budget is allocated to personal services. Full implementation of the 2004-2005 budget reduction plan may involve some risks that could adversely affect the City, as the non-personal appropriation will absorb a significant reduction. It is critical that the Office maintains adequate funding to hire specialized consultants and experts to assist the Office in both transactional and litigation matters. The use of expert witnesses and consultants by plaintiffs in complex litigation cases makes it necessary for the Office to hire expert witnesses and consultants to defend the City. If the litigation division does not have adequate funding for these services, it will be more difficult to advocate the City’s position, and may be more costly to the City in terms of settlements/awards. The transactional legal staff also confers with consultants for specialized technical issues.

The investment strategy for the Office focused on three primary goals:

- Reduce General Fund expenditures.
- Manage resources efficiently and cost effectively to meet the daily operational needs of the clients.
- Build internal capacity to respond to changing legal needs, and prepare for legal services associated with the projects set forth in the various CSA five-year business plans.

Key Investments & Objectives *How will we accomplish our goals?*

Outcome 1: Provide legal transactional services to include oral and written legal advice, and preparation of documents to implement official City and Redevelopment Agency actions

- Provide legal counsel at meetings of the City Council and Redevelopment Agency Board, and meetings of all major boards, committees, and commissions.
- Provide formal and informal legal advice, and opinions.
- Prepare and review legal documents including ordinances, resolutions, permits, contracts, and other legal documents.
- Perform legal research and legislative analyses.
- \$100,000 reimbursement from developers and property owners for legal services rendered on two private development projects.
- Personal services reductions since the 2003-2004 Adopted Budget eliminate 6.0 positions that partially support the transactional division.
- Deputy City Attorney and Legal Administrative Assistant positions funded by the Redevelopment Agency are eliminated from the General Counsel's Office.
- Professional Development Program and merit increases are eliminated for attorneys and management personnel.
- Reduction to non-personal/equipment budget limits resources.

Outcome 2: Provide legal representation required to advocate, defend and prosecute on behalf of the City and Redevelopment Agency

- Initiate and defend legal actions involving the City and Redevelopment Agency.
- Aggressively seek monetary damages on behalf of the City and Redevelopment Agency.
- Prosecute municipal code violations.
- Handle claims filed against the City and Redevelopment Agency.
- Provide workers' compensation legal advice, investigation, and litigation services.
- Personal services reductions since the 2003-2004 Adopted Budget eliminate 1.0 Litigation Attorney, 1.0 Legal Administrative Assistant, and 6.0 positions that partially support the litigation division.
- Professional Development Program and merit increases are eliminated for attorneys and management personnel.
- Reduction to non-personal/equipment budget limits resources.

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Core Service Purpose

Advocate, defend, and prosecute on behalf of the City and Redevelopment Agency's interests.

Key Operational Services:

- ☐ Provide legal representation in virtually all matters, cases, and controversies arising from claims by or against the City and the Redevelopment Agency
- ☐ Retain, coordinate, and supervise outside legal counsel that represent the City or the Redevelopment Agency in matters involving litigation
- ☐ Prosecute criminal proceedings involving violations of the San José Municipal Code
- ☐ Provide legal representation before the State, federal and appellate Courts, agencies and boards, including the Workers' Compensation Board, and at adversarial hearings before City boards and commissions
- ☐ Provide pre-litigation advice and counsel to avoid litigation and to protect the City's interests should litigation occur

Performance and Resource Overview

Legal representation is provided by the City Attorney's Office on behalf of the Mayor, City Council, City Manager, City Auditor, Executive Director of the Redevelopment Agency, City Clerk, Independent Police Auditor, City Departments, City and Redevelopment Agency employees, and City boards and commissions.

The purpose of legal representation is to advocate, defend, and prosecute on behalf of the City and Agency. This includes a wide variety of activities and objectives that collectively attempt to protect the City and Agency's rights, minimize civil and financial liability, and advance community welfare.

Legal representation services include: general liability claims management; defense of lawsuits; pursuit of contractual indemnities and appropriate insurance tenders; coordination of outside legal counsel; workers' compensation investigations and litigation; initiation of plaintiff litigation; prosecution of municipal code violations; seeking injunctions for general nuisance, and gang and drug abatements to promote safer communities. The Office is also proactive in providing pre-litigation advice and counsel in an effort to avoid litigation. The Office currently has 1,308 open litigation files, including criminal, civil and administrative proceedings. Of these matters, 825 are civil lawsuits pending in the state, federal, and appellate courts. The Police Department accounts for

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

436 of the open files. Prior to this year, two sergeants were assigned to the City Attorney's Office to handle police-related claims and provide litigation support. The Police Department eliminated one of the sergeant positions in 2003–2004 as a cost savings action. The Office reallocated resources to account for this loss of personnel.

All of the litigated matters are currently being handled in-house. The commitment to retain litigation in-house results in substantial budgetary savings compared to outside counsel costs, and gives the City more control over settlement negotiations. The Office is proud to have the internal legal expertise to provide services for a wide range of practice areas, including complex litigation cases related to police, personal injury, eminent domain, land use, construction, and employment issues.

The Litigation Division has 23 attorney positions including 2 supervising attorneys and 4 workers' compensation attorneys. The general litigation caseload discussed above is essentially distributed among 17 attorneys. This translates into a caseload of about 77 cases, including 49 civil court cases and approximately 28 other matters, such as civil service cases, administrative code enforcement appeals, criminal prosecutions, and Pitchess motions. A more reasonable civil caseload would be approximately 30 court cases per attorney, so the Office continues to carry a heavier workload than desired. When the City's financial condition improves, the Office will begin the process of filling two litigation attorney positions that became vacant in 2003 due to retirements.

In addition to the general litigation handled by the Office, a number of complex City and Agency projects have added a significant burden to the Litigation Division this year, and is anticipated to continue into 2004-2005. These cases are related to the following matters:

- Strong Neighborhoods Initiative
- Gaming Control Regulation
- Airport Noise Program
- San José Muni Water
- Cable Renewal Formal Process
- Police
- Tech Museum of Innovation

Although the primary litigation role of the Office is to defend lawsuits, the Office actively pursues cases to recover damages on behalf of the City and Agency. For 2002-2003, the Office generated \$13.1 million in revenue collections.

The Office handles all liability claims filed against the City and Agency. Claims management begins with an investigation that may involve witness interviews, gathering evidence, taking photographs or video, and conducting surveillance. Upon completion of an investigation, the facts are reviewed in light of applicable law to determine the appropriate legal action. If liability is at issue, damages are

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

evaluated prior to settlement negotiation. Legal analysts appear at small claims court to defend the City and Agency when necessary.

The Worker's Compensation Unit has four attorneys that are managing a workload of 1,083 claims. The attorneys serve as advisory counsel and provide litigation services including appellate review. This unit is also responsible for the coordination of third party subrogation cases. These cases resulted in a total recovery of \$219,084 for 2002-2003. In addition to the revenue generating benefits and cost savings resulting from performing this legal work in-house, the program provides better coordination of cases with multiple claims involving issues related to worker's compensation, retirement, safety, the Americans with Disabilities Act, and the Family Medical Leave Act. The Office also coordinates with the Return to Work Program and vocational rehabilitation of injured employees. The California State Bar has certified two of the Office's attorneys as Workers' Compensation Specialists. The Office's investigators perform complex worker's compensation investigations, including virtually all required surveillance work. Providing this service in-house significantly reduces the costs and brings the City into compliance with the state-mandated worker's compensation anti-fraud program.

A performance measure for quality tracks the percentage of time final case results are consistent with the Office's analyses and recommendations. Final resolution of cases occurs by way of settlement, trial, or dismissal, depending upon the facts presented and the legal issues involved. It is the responsibility of the Office to provide the client with a clear analysis and a realistic forecast of potential outcomes. During 2002-2003, 87% of the final case results were within the Office's case assessments. In 2003-2004, it is anticipated that 85% will be within the Office's case assessment.

The 2003 client survey showed a 72% satisfaction rating from respondents who felt that the Office kept them informed in a timely manner of significant developments of a litigated case. The Office recognizes the importance of maintaining timely and open communication with the clients, and internal procedures have been established to remind staff to provide clients with regular status updates at particular stages of a case. In addition, the Office began to work with other City departments to develop processes that fostered improved communications. It should be noted that a neutral rating was received from 20% of the respondents on this issue. The Office will continue to work diligently in this area.

Costs to hire outside private counsel for litigation services vary from \$145 - \$550 per hour, for an average hourly rate of \$348. The hourly rates for outside private counsel are based on current rates negotiated by the City for legal service contracts. Rates vary depending on the type of law practice and level of experience and may include a government discount. The in-house Office rate, based on a 40-hour week, averages \$104 per hour including salary, retirement, fringe, and overhead for departmental and central service costs. A large percentage of City attorneys average much more than 40 hours per week. It is clearly more cost-effective for the City to have in-house legal counsel handle litigated matters.

Strategic Support CSA





Core Service: Legal Representation *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

Performance Measure Development

The City Attorney's Office has conducted annual client surveys for the past four years. Feedback from earlier surveys provided the Office with a better understanding of client expectations, and enabled the Office to make changes in the service areas most desired by the clients. Recent surveys have shown marked improvement in the areas where changes were implemented, particularly in the communication area. Client input received over the past two years has remained relatively constant, and has provided a benchmark to compare future performance. The Office will alter the frequency of client surveys from an annual to a bi-annual basis. The next client survey will be performed in the spring of 2005. For this year, the Office intends to convene a focus group to assess client satisfaction levels.

The 2003 client survey showed that 84% of the respondents were satisfied with the overall legal representation services received from the Office. The Office will strive to maintain the confidence of the clients and will continue to work to increase performance in the communication area.

Legal Representation Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of time final case results are within staff analyses and/or recommendations	87%	75%	85%	75%
 Cost of representation compare favorably to law offices of similar size, practice, and expertise, including other governmental law offices <ul style="list-style-type: none">City Attorney's Office average hourly rateOutside Legal Counsel average hourly rate	\$101	\$97	\$104	\$104
 % of time client is timely informed of significant developments in a case	72%	80%	75%	80%
 % of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	84%	80%	80%	80%

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of claims filed against the City	1025	999	966	1000
Number of lawsuits filed against the City	184	218	222	220
Number of lawsuits and administrative actions filed or initiated by the City	304	392	453	400

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

Legal Representation Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 4,883,648	\$ 4,872,580	\$ 5,216,274	\$ 4,924,467	1.1%
Non-Personal/Equipment	586,333	854,876	853,876	812,855	(4.9%)
Total	\$ 5,469,981	5,727,456	\$ 6,070,150	\$ 5,737,322	0.2%
Authorized Positions	43.90	43.10	41.40	40.90	(5.1%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes by Core Service

Proposed Core Service Changes	Positions	Funds (\$)	All Funds (\$)	General Fund
1. Temporary Attorney Staffing Reduction			(216,174)	(216,174)

Personal services costs represented 91% of the City Attorney's Office budget in 2003-2004. Therefore, General Fund expenditure reductions will unavoidably impact staffing levels. This action delays the recruitment and keeps 2.0 positions (1.0 Associate Deputy City Attorney and 1.0 Senior Deputy City Attorney) vacant through 2004-2005. (Ongoing savings: \$0)

Performance Results:

Quality, Cost, Cycle Time, Customer Satisfaction The extended deferral of filling vacant positions may eventually impact the level of service provided to the clients. As the legal work cannot be avoided, it may be necessary to contract with support services vendors and outside counsel, thus increasing the City's non-personal/equipment expenditures. Currently, outside counsel for all core services demands an hourly rate averaging \$338, whereas the 2003-2004 average hourly rate for in-house counsel is \$104, including overhead, benefits and fringe. Daily operational processes and staff assignments are continuously modified to respond to the clients' changing legal needs. However, if the non-personal/equipment budget cannot fully fund the outsourcing of these services, cycle times will increase as in-house staff will be required to absorb expanded duties.

Strategic Support CSA

Core Service: Legal Representation *Office of the City Attorney*

Budget Changes by Core Service (Cont'd.)

Proposed Core Service Changes	Positions	Funds (\$)	All Funds (\$)	General Fund
2. Office Supplies and Books Efficiencies			(41,021)	(41,021)
This action recognizes one-time efficiencies in supplies and legal resources/books in the Office's non-personal/equipment budget. (Ongoing savings: \$0)				
Performance Results: Quality, Cycle Time, Customer Satisfaction The legal research resources available to employees will be reduced. If necessary, staff can use the Santa Clara County law library to conduct legal research. This will occasionally affect daily operations; however, the Office will make the adjustments necessary to continue meeting the legal needs of the client. Cycle time may increase due to lack of resources and customer satisfaction may be affected as a result.				
3. Management Salary Increases			(40,925)	(40,925)
This action eliminates any salary step or performance pay increases, maintaining the salaries of all management employees at their current levels during 2004-2005. This elimination is similar to the recommendations approved for 2003-2004, whereby Senior/Executive management employees did not receive any salary increases, and unrepresented management employees received reduced cost of living adjustments with no salary step or performance pay increases. (Ongoing savings: \$40,925)				
Performance Results: Cost This change reduces budgeted costs without any effect on service delivery. A longer-term freeze, however, could affect the City's ability to retain these managers.				
4. Attorney Support Staffing		(0.50)	(34,708)	(34,708)
Personal services costs represented 91% of the City Attorney's Office budget in 2003-2004. Therefore General Fund expenditure reductions will unavoidably impact staffing levels. This action would eliminate 0.5 Legal Administrative Assistant. The remaining portion of this position is discussed in the Legal Transactions Core Service section of this document. (Ongoing savings: \$34,708)				
Performance Results: Cycle Time, Customer Satisfaction Daily operational processes and staff assignments are continuously modified to respond to the clients' changing legal needs. However, if the non-personal/equipment budget cannot fully fund the outsourcing of these services, cycle times will increase as in-house staff will be required to absorb expanded duties.				
2004-2005 Proposed Core Service Changes Total		(0.50)	(332,828)	(332,828)

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Core Service Purpose

Provide oral and written advice on legal issues and prepare documents to implement official City and Redevelopment Agency actions.

Key Operational Services:

- | | |
|--|--|
| <input type="checkbox"/> Preparation of ordinances, resolutions, permits, contracts, and other legal documents | <input type="checkbox"/> Oral and written legal counsel and advice |
| | <input type="checkbox"/> Performance of legal research |

Performance and Resource Overview

The Office of the City Attorney provides legal transactional services to the Mayor, City Council, City Manager, City Auditor, Executive Director of the Redevelopment Agency, City Clerk, Independent Police Auditor, City Departments, Redevelopment Agency, and City boards and commissions.

The Office works in partnership with all of its clients to lawfully achieve organizational goals in a cost-effective and efficient manner. A considerable amount of time is devoted to providing legal counsel and advice to the clients. The City Attorney regularly attends meetings of the City Council and Redevelopment Agency Board, and staff attorneys attend meetings of all major boards and commissions to provide legal counsel on issues before these bodies. The attorneys also spend a large portion of their day on the telephone or replying to e-mails from clients seeking legal advice. Providing legal advice oftentimes involves performing legal research to identify and analyze legal issues and risks, and to certify that the advice is based on current law. It is the goal of the Office to provide comprehensive advice to the clients so that they can make informed business decisions.

In addition to providing routine legal services that support the clients' daily operational needs, significant legal transactional resources are allocated to programs that are given priority by the Mayor and City Council. Legal teams are dedicated to several major City and Agency projects. The following ongoing and new projects will require substantial staff time during 2004-2005:

- Affordable Housing Initiative
- Strong Neighborhoods Initiative Project Implementation
- New Civic Center
- Airport Expansion
- Airport Curfew Issues
- Gaming Control Regulation
- Transportation Improvements

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

- Downtown Retail Project
- Story-King Retail Project
- Issuance of Bonds (Housing, Airport, CFA, Redevelopment Agency)
- Standardization of WIA and Public Works Contracts
- Capital Improvement Program – Library, Parks, and Public Safety Improvements
- Cable Franchise Renewal Negotiations
- Revenue Enhancement Policy Implementation
- Ethics Ordinances – Elections Commission – Blue Ribbon Task Force

A team will be providing legal support to the Planning, Building and Code Enforcement Department for the Evergreen Smart Growth Strategy and the Coyote Valley Specific Plan private development projects. The developers and property owners for these two projects have agreed to reimburse the City for the long range planning costs, including legal services rendered by this Office.

The General Counsel's Office will eliminate a deputy city attorney position and a legal administrative assistant position in 2004-2005 as part of the Redevelopment Agency's budget reduction plan. The demand for legal services may soon be decreasing as the Agency begins to reduce its capital projects. It is anticipated that the remaining attorneys at the General Counsel's Office will be able to manage the workload in a timely manner.

The Office works closely with City and Agency staff to prepare City Council and Agency Board memorandum. This requires ongoing communication and coordination with the department representative to confirm details and to identify and resolve legal issues. Preparation of legal documents including ordinances, resolutions, and contracts also keep the attorneys integrally involved with all of the City and Agency programs and projects.

Annual reviews of the City Service Areas' (CSA) five-year business plans will assist the Office in forecasting the legal needs of the City. Long range planning is critical to strategically allocate resources and to provide advance staff training to meet the anticipated legal services demand. The CSA teams are currently challenged with completing projects with fewer resources. Business plans and investment strategies are being revised, and the Office is working with the clients to explore alternative and innovative financing so that projects can be completed "on-time and on-budget".

The Office strives to ensure that legal documents accurately and completely reflect the material business terms approved by the City Council or Agency Board. The ability of the Office to accomplish this task is directly related to the quality of the information communicated by the client. The Office is doing a good job in this area as the 2003 client survey indicates that 97% of the respondents were satisfied that the documents prepared by this Office accurately reflected the approved City or Agency action. The remaining 3% were neutral on this issue.

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

The Office is committed to preparing legal documents and providing legal advice in a manner that will not cause unnecessary delays to the clients. A comprehensive legal software program maintains a database of matters handled by the Office, and includes a feature that provides status reports on all assignments. The data for 2003-2004 indicates that 83% of the assignments were completed within a mutually acceptable timeframe. The Office will continue to survey the clients to assess their perspective on this issue.

The 2003 client survey showed that 91% of the respondents were satisfied with the overall legal transactional services received from this Office. This high rating is encouraging and confirms that the legal services provided by the Office are meeting client expectations.






Performance Measure Development

The City Attorney's Office has conducted annual client surveys for the past four years. Feedback from earlier surveys provided the Office with a better understanding of client expectations, and enabled the Office to make changes in the service areas most desired by the clients. Recent surveys have shown marked improvement in the areas where changes were implemented, particularly in the communication areas. Client input received over the past two years has remained relatively constant, and has provided a benchmark to compare future performance. The Office will alter the frequency of client surveys from an annual to a bi-annual basis. The next client survey will be performed in the spring of 2005. During 2004-2005, the Office also intends to convene a focus group to assess client satisfaction levels.

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

Legal Transactions Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of time final documents accurately reflect the approval of City and Redevelopment Agency action	97%	100%	98%	100%
 % of time that advice identifies and analyzes legal issues and risks and/or provides alternatives where appropriate	74%	80%	75%	80%
Cost of advice and documentation compare favorably to law offices of similar size, practice and expertise including other governmental offices				
 • City Attorney's Office average hourly rate	\$101	\$106	\$104	\$104
• Outside Legal Counsel average hourly rate	\$260	\$260	\$260	\$260
 % of time client receives advice/ document within mutually accepted timeframes	61%	75%	83%	75%
 % of survey respondents rating this core service satisfactory or better based on quality, cycle time, and professionalism	91%	80%	90%	80%

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of Council/Board Manager memoranda:				
Prepared	91	61	243	200
Reviewed	1,274	1,481	1,600	1,500
Number of formal Opinions issued	975	830	2,038	1,500
Number of Legislative reviews	476	768	210	250
Number of Conflict of Interest reviews	21	20	20	20
Number of Resolutions	785	826	472	600
Number of Ordinances	256	259	228	260
Number of Agreements	3,359	3,649	5,547	4,000

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

Legal Transactions Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 4,666,284	\$ 5,150,600	\$ 5,256,494	\$ 4,822,830	(6.4%)
Non-Personal/Equipment	217,586	253,242	253,242	253,242	0%
Total	\$ 4,883,870	5,403,842	\$ 5,509,736	\$ 5,076,072	(6.1%)
Authorized Positions	43.52	43.22	40.92	37.42	(13.4%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
1. Agency-Funded Attorney Staffing Reduction	(2.00)	(216,622)	(216,622)

This action eliminates 1.0 Legal Administrative Assistant and 1.0 Deputy City Attorney as part of the Redevelopment Agency's budget reduction plan. The demand for legal services may soon be decreasing as the Agency begins to reduce its capital projects. (Ongoing savings: \$216,622)

Performance Results:

No change to service levels will result from this action.

2. Evergreen Smart Growth Strategy and Coyote Valley Specific Plan Legal Services	(100,000)	(100,000)
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This proposal recommends a one-time decrease in the Office's personal services in the General Fund. Legal services would be included in the privately reimbursed long range planning costs provided to the Planning, Building and Code Enforcement Department for the Evergreen Smart Growth Strategy and the Coyote Valley Specific Plan. This proposed action would partially fund a team of attorneys, analysts and administrative support. (Ongoing savings: \$0)

Performance Results:

Cost, Quality This action will result in a one-time personal services reduction to the General Fund. Providing timely and effective legal services in the areas of planning, transportation, public works, and finance will assist clients with accomplishing their business objectives.

Strategic Support CSA

Core Service: Legal Transactions *Office of the City Attorney*

Performance and Resource Overview (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
3. Attorney Support Staffing	(1.5)	(76,117)	(76,117)

Personal services costs represents 91% of the City Attorney's Office budget in 2003-2004. Therefore General Fund expenditure reductions will unavoidably impact staffing levels. This action would eliminate 1.0 Legal Analyst and 0.5 Legal Administrative Assistant. The remaining portion of this position is discussed in the Legal Representation Core Service section of this document. (Ongoing savings: \$76,117)

Performance Results:

Cycle Time, Customer Satisfaction Daily operational processes and staff assignments are continuously modified to respond to the clients' changing legal needs. However, if the non-personal/equipment budget cannot fully fund the outsourcing of these services, cycle times will increase as in-house staff will be required to absorb expanded duties.

4. Management Salary Increases		(40,925)	(40,925)
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This action would eliminate any salary step or performance pay increases, thereby maintaining the salaries of all management employees at their current levels during 2004-2005. This elimination is similar to the recommendations approved for 2003-2004, whereby Senior/Executive management employees did not receive any salary increases, and unrepresented management employees received reduced cost of living adjustments with no salary step or performance pay increases. (Ongoing savings: \$40,925)

Performance Results:

Cost This change reduces budgeted costs without any effect on service delivery. A longer-term freeze, however, could affect the City's ability to retain these managers.

2004-2005 Proposed Core Service Changes Total	(3.50)	(433,664)	(433,664)
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Strategic Support CSA

Core Service: Strategic Support *Office of the City Attorney*

Strategic Support represents the services provided within the Office that support and guide the provision of the core services. While there are resources and performance measures associated with strategic support, those are not presented separately in this document. Performance measures are shown only at the core service level, as strategic support services are designed to help improve core service delivery.

Strategic Support within the Office of the City Attorney includes:

- | | |
|--|--|
| <input type="checkbox"/> Office Management and Analysis | <input type="checkbox"/> Computer Network Management |
| <input type="checkbox"/> Fiscal Control/Budget Preparation | <input type="checkbox"/> Facility Management |
| <input type="checkbox"/> Personnel | <input type="checkbox"/> Law Library Maintenance |
| <input type="checkbox"/> Administration/Employee Services | <input type="checkbox"/> Overall Contract Administration |
| <input type="checkbox"/> Records and File Maintenance | |

Performance and Resource Overview

The San José City Attorney's Office, as legal counsel for the eleventh largest city in the United States, produces a high volume of transactional and litigation work. Meeting this demand in a timely manner is accomplished through a team effort from the entire Office. Strategic support staff is the foundation that enables the efficient delivery of services and performs virtually every function necessary for the operation of a law office. Reliance on outside vendors is minimal and generally limited to situations when it is more cost-effective to outsource.

The Office administrative staff is fully engaged with preparations to move into the new Civic Center in 2005. Staff is working with consultants on the floor plan, furniture and equipment plan, security issues, and move-in plan. The relocation to the new facility has accelerated the effort to develop a central file system with an emphasis on increasing the use of electronic file maintenance. Storing files electronically will improve record keeping, and reduce the volume of hardcopy files.

The General Services Department has provided the Office with city-owned space to be used as a record storage center. The Office will be moving 1,600 boxes from an offsite private record center as soon as the new facility is equipped with security gates and shelving. The Office is also developing a barcode system for record maintenance. Completion date for this project is scheduled for June 2004. Housing the Office records at a city-owned facility is expected to save the City over \$60,000 in rental fees over the next ten years. An added benefit is that the records will be readily accessible to staff.

Strategic Support CSA

Core Service: Strategic Support Office of the City Attorney

Performance and Resource Overview (Cont'd.)

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 1,446,534	\$ 1,416,214	\$ 1,463,646	\$ 1,390,566	(1.8%)
Non-Personal/Equipment	59,419	88,216	88,216	88,216	0%
Total	\$ 1,505,953	1,504,430	\$ 1,551,862	\$ 1,478,782	(1.7%)
Authorized Positions	14.20	12.30	12.30	12.30	0.0%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
1. Professional Development Program Suspension		(73,080)	(73,080)
During 2004-2005, Professional Development Program (PDP) reimbursements for all management employees are being suspended for one year. This is the second year in a row that PDP reimbursements have been eliminated for unrepresented management employees. The PDP reimburses eligible employees for up to \$1,400 per year of expenses for professional conferences and educational programs, computer hardware and software, and professional subscriptions and memberships. (Ongoing savings: \$0)			
Performance Results:			
Cost This change will reduce budgeted costs without any effect on service delivery. A longer-term suspension of these benefits, however, could affect the City's ability to retain these managers.			
2004-2005 Proposed Strategic Support Changes Total	0.00	(73,080)	(73,080)

Strategic Support CSA

Office of the City Auditor



Mission: *To independently assess and report on City operations and services*

The Office of the City Auditor works closely with other customers and stakeholders including:

- City Council
- City Departments
- Council Appointees
- City Employees
- Vendors, contractors, and consultants
- Residences
- Businesses

The City Auditor's Office has one primary outcome:

Audit services identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.

Audit services benefit the City in a number of ways. Some audit reports present ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. In addition, a variety of special studies and analyses provide objective and timely information to the City Council, City Administration, and the general public.

The function of the Office of the City Auditor rests on three important principles:

- Be independent, not only from the Administration, but also from any undue City Council member influence that could impair the professional integrity of any audit or other services the Office provides.
- Maintain an objective attitude about all assignments.
- Be factually and technically correct.

These three qualities of independence, objectivity, and technical accuracy are the cornerstones of the one indispensable attribute of the City Auditor's Office – credibility. Without credibility the City Auditor's Office cannot and should not exist.

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager

Strategic Support CSA
Office of the City Auditor
FIVE-YEAR BUSINESS PLAN

Current Position ***How are we doing now?***

- Since the City Auditor's appointment in May 1985 through June 2003, the Office has identified \$191 million in revenue enhancements or cost savings compared to \$25 million in office costs.
- From May 1985 through June 2003, the Office has exceeded its performance target of \$3 to \$1 ratio of cost savings or revenue enhancements to Office cost with an actual achieved ratio of nearly \$8 to \$1. In 2000, given our historical success, the City Council increased the Office's performance target to \$4 to \$1.
- In 2001-2002 and 2002-2003, ongoing sales and business tax audits and additional City Auditor revenue enhancement activities identified \$13,138,393 in revenue enhancements or cost savings for the City's General Fund.
- Sales and Business Tax Audits identified \$987,704 in revenues for the quarters ended September 30, 2003 and December 31, 2003. On December 10, 2003, the Rules Committee removed Business Tax Audits from the City Auditor's 2003-2004 Workplan.

Selected Community Indicators ***What external conditions influence our strategies?***

- Audit expenditures compared to City of San José total expenditures: \$1 to \$389.
- Audit staff compared to City staff: 1 to 361.
- Biennial review for compliance with Government Auditing Standards: In October 2003, the City Auditor's Office received an unqualified opinion regarding its compliance with Government Auditing Standards for the period July 1, 2001 through June 30, 2003. The National Association of Local Government Auditors conducted the performance review of the City Auditor's Office. The next biennial review will be performed in fall 2005.

Trends / Issues / Opportunities ***What development require our response?***

- In light of the budget difficulties facing the City, the City Auditor's Office will increase its emphasis in searching for revenues and cost savings opportunities.
- The City's major investments in infrastructure also warrant increased scrutiny of capital projects.
- The City's reliance on computer systems for its key business systems necessitates the Office's continued improvement in its capacity in this area.

Policy Framework ***What policies guide our strategies?***

- The City Council appoints the City Auditor.
- The Rules Committee approves the City Auditor's Annual Workplan.
- The duties of the City Auditor are outlined in City Charter Section 805.
- The City Auditor's Office conducts audits in accordance with generally accepted government auditing standards.
- The City Auditor prepares an Annual Citywide Risk Assessment to determine the potential audit areas and recommends that the Rules Committee includes those areas in his Annual Workplan.
- The City Auditor's Office receives a biennial performance review for compliance with government auditing standards.

Key Strategic Goals & Objectives ***Where are we going?***

- Identify ways to reduce costs or enhance revenues.
- Identify ways to increase the economy, efficiency, and effectiveness of City government.
- Provide independent, reliable, accurate, and timely information to the City Council.

Overview

The Office of the City Auditor provides audit services that identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders. The Office also provides revenue audits that obtain and analyze information from numerous data sources to ensure that the City of San José receives all of the revenues to which it is entitled.

The City Auditor's Office investment strategy is focused on providing reliable and effective audit services through efficient use of existing resources. With approval of this budget, the Office would operate with 19 authorized positions, composed of one City Auditor, four supervising auditors, 11 auditors, and three administrative staff.

Key Investments & Objectives *How will we accomplish our goals?*

Outcome 1: Audit Services – Audit Services identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders.

The City Auditor's resources will be strategically invested in the following 2004-2005 action plan which aligns with City Council priorities, the City Auditor's approved Audit Workplan, and Business Plan strategic goals, objectives, and performance measures.

- Conduct performance audits, special audits, and reviews as assigned. In June 2004, the Office will propose a 2004-2005 audit workplan that targets areas of City Council and other appointees' concern, as well as areas targeted for audit in the Citywide Risk Assessment model. Emphasis will be in seeking ways to reduce costs or increase revenues. The Office will also work to improve timeliness by issuing all audit assignments within 30 days of projected completion dates.
- Conduct sales tax and other revenue-related audits. The Office obtains and analyzes information from numerous data sources to ensure that the City of San José receives all of the revenues to which it is entitled. In 2004-2005, the Office will continue to identify and contact businesses that may not have used the proper sales tax identification code and continue to forward sales tax leads to the State Board of Equalization for resolution. In addition, the Office will continue to work closely with State Board of Equalization staff, the Finance Department, the California Municipal Business and Tax Association, the League of California Cities, and other agencies on any issues that impact the City's revenue base.
- Facilitate annual financial audit and quarterly card room opinions. The City contracts with outside Certified Public Accountant (CPA) firms to conduct the annual financial audits and quarterly card room audits. The City Auditor prepares, monitors, and initiates payments for these audits and assists with card room audit reviews.
- Conduct recommendation follow-up. The Office prepares a status report of all open audit recommendations as of June 30th and December 31st of each year. In 2000-2001, the City Auditor began tracking the percentage of audit recommendations implemented within one year. During 2004-2005, the Auditor will work to improve this percentage by meeting with departments 60 days after each audit report is issued to discuss implementation of recommendations contained in that report.

Key Investments & Objectives *How will we accomplish our goals? (Cont'd.)*

Outcome 1: Audit Services – Audit Services identify ways to increase the economy, efficiency, effectiveness, and accountability of City government and provide independent, reliable, accurate, and timely information to the City Council and other stakeholders (Cont'd.)

- Improve website. The Office's website includes many of the audit procedures and technical innovations the Office has pioneered. It receives more than 12,000 hits per month from persons or organizations from nearly every state in the United States and more than 20 foreign countries. The Office will continue to ensure that information on the site is current and relevant. The Office plans to expand the information on our website to include audit programs and complete text of audit reports.
- Provide training to City employees on how to incorporate our audit approach into their management philosophy. For the past 13 years, the City Auditor has taught a half-day course on risk assessment and internal controls for City employees. Each session draws 30 to 40 City employees and, based on attendees' written evaluations, is very well received. The City Auditor will present the course again in 2004-2005.
- Explore ways to increase cooperation with and provide assistance to other City Council appointees. During the last two years, the City Auditor's Office has worked with the Redevelopment Agency to review their Disposition and Development Agreements. In 2003-2004, the City Auditor has assisted the Airport by auditing rental car companies and performing special projects as requested. The City Auditor will solicit appointee input on the 2004-2005 Audit Workplan and continue to explore ways to increase cooperation with and provide assistance to the other appointees.
- Continue to provide efficient and effective audit services with current level of resources which are proposed to be reduced by the elimination of a Supervising Auditor and the reallocation of a Program Performance Auditor II to a Program Performance Auditor I.

Strategic Support CSA

Core Service: Audit Services

Office of the City Auditor

Core Service Purpose

Audit Services identify ways to increase the economy, efficiency, effectiveness and accountability of City government and provide independent, reliable, accurate and timely information to the City Council and other stakeholders.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Conduct performance audits | <input type="checkbox"/> Conduct other revenue audits |
| <input type="checkbox"/> Conduct special audits and reviews | <input type="checkbox"/> Facilitate annual financial audit and quarterly card room audits |
| <input type="checkbox"/> Conduct sales tax audits | <input type="checkbox"/> Recommendation follow-up |

Performance and Resource Overview

Audit Services benefit the City in a number of ways. Some audit reports present ways to reduce costs or increase revenues. Other audit reports identify opportunities to increase effectiveness, use resources more efficiently, and improve internal controls. In addition, a variety of special studies and analyses provide objective, timely information to the City Council, City Administration, and the general public.

The Office tracks the implementation status of approved audit recommendations. Since May 1985, the Administration has implemented approximately 95 percent of over 1,295 recommendations made by the City Auditor.










The audit workplan for 2003-2004 included 32 assignments that would be completed or result in the issuance of at least one audit report by the end of the year. Audit reports issued during 2003-2004 included approximately 44 recommendations and identified about \$10.1 million in estimated benefits. During 2004-2005, the Office will focus on providing reliable and effective audit services through efficient use of existing resources.

For 2004-2005, consistent with the direction from the Mayor's Budget Office, the Office of the City Auditor's Proposed Budget is recommended to be reduced by a total of 12.2%. The Office would be eliminating a vacant Supervising Auditor and reallocating a vacant Program Performance Auditor II to a Program Performance Auditor I position. The Senior Executive Management staff will also forego any merit, step, or salary increases as well as temporarily suspend its Professional Development Program for one year.

Strategic Support CSA

Core Service: Audit Services *Office of the City Auditor*

Performance and Resource Overview (Cont'd.)

Audit Services Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of audit recommendations adopted by the City Council	95%	95%	100%	95%
 % of audit recommendations implemented within one year of adoption	80%	80%	77%	80%
 Ratio estimated audit benefit to audit cost	\$9 to 1	\$4 to 1	\$7 to 1	\$4 to 1
 Ratio actual to estimated audit benefit	\$1.1 to 1	\$1 to 1	\$1 to 1	\$1 to 1
 % of approved workplan completed or substantially completed during the fiscal year	100%	100%	88%	100%
 % of audits completed within 30 days of the projected completion date	90%	90%	88%	90%
 % of City Council members rating the reliability, timeliness and value of audit services good or excellent	95%	95%	TBD*	95%
 % of auditees rating the reliability, timeliness, and value of audit services good or excellent	88%	95%	TBD*	95%
 % of business and sales tax customers rating professionalism of audit services good to excellent	97%	95%	TBD*	95%

* Survey is currently underway. Data for customer satisfaction performance measure is expected to be available by the end of 2003-2004.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of audit reports issued	22	22	18	22
Number of audit recommendations adopted	70	70	44	70
Number of audit reports per auditor	1.5 to 1	1.5 to 1	1.2 to 1	1.5 to 1
Estimated audit benefits (i.e., cost savings and revenue enhancements)	\$22,300,000	\$9,500,000	\$10,142,892	\$9,500,000
Actual audit benefits (i.e. cost savings and revenues received)	\$30,300,000	\$9,500,000	\$10,056,333	\$9,500,000
Number of businesses or other entities brought into compliance or assisted	2,655	4,000	2,200	4,000

Strategic Support CSA

Core Service: Audit Services

Office of the City Auditor

Performance and Resource Overview (Cont'd.)

Audit Services Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	\$ 2,152,089	\$ 2,026,582	\$ 2,205,232	\$ 1,942,805	(4.2%)
Non-Personal/Equipment	53,942	70,222	92,531	92,531	31.8%
Total	\$ 2,206,031	\$ 2,096,804	\$ 2,297,763	\$ 2,035,336	(2.9%)
Authorized Positions	18.00	18.00	17.00	16.00	(5.6%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
1. Temporary Audit Resource Reduction	(1.00)	(149,335)	(149,335)

This action eliminates a Supervising Auditor position, which has been vacant since November 2003. The duties of the position have already been reassigned and absorbed by other staff. (Ongoing savings: \$149,335)

Performance Results:

Customer Satisfaction The vacancy may impact the Office's ability to accomplish its objectives, i.e. to identify ways to increase the economy, efficiency, effectiveness, and accountability of City government, since work that would have been performed by the Supervising Auditor must continue to be absorbed by other staff.

2. Program Performance Auditor Position Reallocation	(35,891)	(35,891)
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This action permanently reallocates a Program Performance Auditor II with a Program Performance Auditor I position. The cost of the Program Performance Auditor II position in 2004-2005 is \$106,891, while the cost to fill the position at the first salary step of Program Performance Auditor I is about \$71,000. The net savings from staffing this position at a lower level, therefore, is \$35,891. The Program Performance Auditor I will work primarily on sales tax audits, including the supervision of the intern program whose main focus are these revenue-related activities. The Program Performance Auditor I will also assist the other audit staff with performance audits. (Ongoing savings: \$35,891)

Performance Results:

Customer Satisfaction, Cost Reallocating this position will enable the Office of the City Auditor to reduce costs and continue to accomplish its revenue-related objectives and expand its capabilities to protect the City's revenue base.

Strategic Support CSA

Core Service: Audit Services

Office of the City Auditor

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
3. Reduced Audit Work Hours		(29,256)	(29,256)
This action reduces work hours for some staff members who have requested unpaid time off. The process by which work hours will be reduced while Office objectives continue to be met will be determined during 2004-2005 through a review of current work procedures to identify ways to enhance the efficiency of audit services. (Ongoing savings: \$0)			
Performance Results: Cycle Time The reduction to staff work hours may have a small impact on the number of audit findings, however the Office will review its work plan and encourage its staff to find ways to be more creative and productive in achieving Office objectives.			
4. Management Salary Increases		(24,145)	(24,145)
This action eliminates any salary step or performance pay increases, maintaining the salaries of all management employees at their current levels during 2004-2005. This elimination is similar to the recommendations approved for 2003-2004, whereby Senior/Executive management employees did not receive any salary increases, and unrepresented management employees received reduced cost of living adjustments with no salary step or performance pay increases. (Ongoing savings: \$24,145)			
Performance Results: Cost This change reduces budgeted costs without any effect on service delivery. A longer-term suspension of these benefits, however, could affect the City's ability to retain these managers.			
5. Professional Development Program Suspension		(23,800)	(23,800)
During 2004-2005, Professional Development Program (PDP) reimbursements for all management employees are being suspended for one year. This is the second year in a row that PDP reimbursements have been eliminated for unrepresented management employees. The PDP reimburses eligible employees for up to \$1,400 per year of expenses for professional conferences and educational programs, computer hardware and software, and professional subscriptions and memberships. (Ongoing savings: \$0)			
Performance Results: Cost This change reduces budgeted costs without any effect on service delivery. A longer-term freeze, however, could affect the City's ability to retain these managers.			
2004-2005 Proposed Core Service Changes Total	(1.00)	(262,427)	(262,427)

Strategic Support CSA

Core Service: Strategic Support *Office of the City Auditor*

Strategic Support represents services provided within the Office that support and guide the provision of the core service. Strategic support within the Office of the City Auditor includes:

☐ Administrative Support

☐ Network Support

Performance and Resource Overview

Strategic support is an ongoing requirement to provide the core service of the Office. For 2004-2005, there are no resource changes.

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 20,282	\$ 315,563	\$ 322,226	\$ 322,226	2.1%
Non-Personal/Equipment	0	3,497	3,497	3,497	0.0%
Total	\$ 20,282	\$ 319,060	\$ 325,723	\$ 325,723	2.1%
Authorized Positions	2.00	2.00	2.00	2.00	0.0%

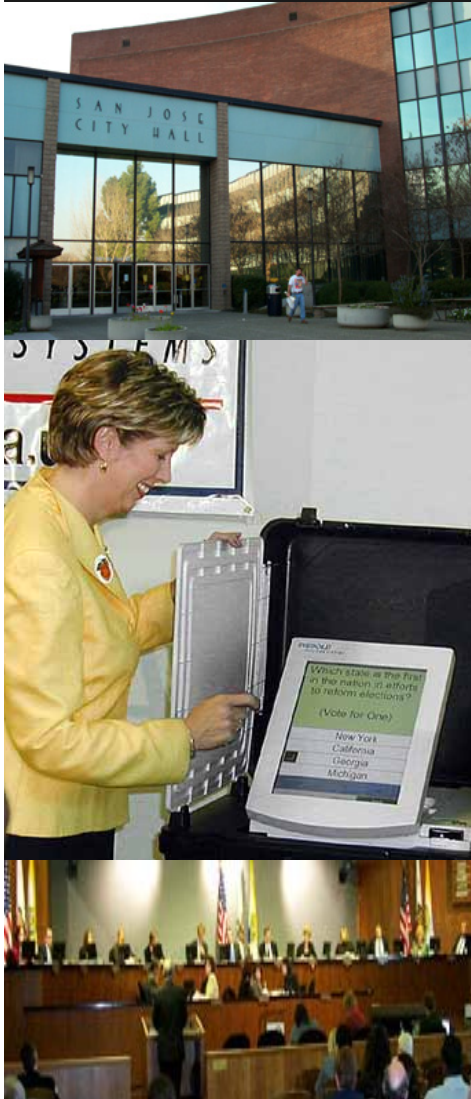
* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Strategic Support CSA

Office of the City Clerk



Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
Office of the City Manager

Mission: *Provide strategic support services and leadership to maximize public access to municipal government.*

The City Clerk is one of six City Council appointees. The Office of the City Clerk provides strategic support services to the legislative body, facilitating interaction between the legislative process and the community. The Office also conducts elections for Mayor, City Council and various ballot measures. The duties of the Clerk are outlined in the City Charter, the California Government Code and the City of San José Municipal Code. All City departments contribute to the City Clerk's delivery of services to the community.

Core Service — Facilitate the City's legislative process

Internal Partners — Mayor and City Council; City departments; designated city employees

External Partners — Public; media representatives; other governmental agencies; Mayor and Council candidates; Commissioners; bidders and contractors

Key Services —

- Integrity of the City's legislative process is preserved and the process is readily accessible to the public.
- Elections are conducted in accordance with the City Charter and the State Elections Code for Mayor, Council Member, Charter amendments, bonds and ballot measures.
- Agendas, synopses and narrative minutes of City Council meetings are prepared and made available.
- Recruitment and appointment processes for boards and commissions are administered, both through Project Diversity and through direct Council interview and appointment processes.
- Council's Rules Committee, Elections Commission, Civil Service Commission and City Council Salary Setting Commission are staffed.
- Municipal Code, City Charter, Council Policy Manual and all documents presented to Council are indexed for storage and retrieval, published when appropriate and made available to the public.
- Campaign finance and conflict of interest filings are reviewed and made available.
- Bids are opened for construction projects city-wide and contract documents are reviewed and filed.

Strategic Support CSA
Office of the City Clerk
FIVE-YEAR BUSINESS PLAN

Current Position ***How are we doing now?***

San José is dealing with the worst economic recession in decades, which has a major effect on the City's budget and ability to deliver services. The City's fiscal condition will naturally be translated to additional resource reductions in the Office of the City Clerk. Managing the Office of the City Clerk's response to the City's fiscal condition, while maintaining mandated services and preserving/improving customer service levels, is the major focus for the Office.

Over the next five years, the Office of the City Clerk will continue to perform the statutory duties required by law, and will do so with more reliance on technology. The increased demand to deliver services electronically will influence how services are delivered, not what services are delivered. The City Clerk's role in the legislative and elective processes requires neutrality and independence as key qualities in conducting the business of the Office. In a political arena, the City Clerk is the non-political and objective component.

While extremely mindful of the City's fiscal condition and its impact on service delivery, absent a capital investment for automation and improved technology systems, opportunities to optimize the use of technology are limited to what can be automated and/or improved with current technology (i.e., current software programs, Internet, etc.) and resources. The Office of the City Clerk would like to begin to research hardware and software options that will facilitate these improvements. The Office is aware of systems that are web-enabled to allow access to anyone wanting to search the City's legislative history and that require one point of data-entry. It is the Office's hope that this information will provide a complete array of technology options, so that when Council is ready to make an investment, whether in the short- or long-term, the Office of the City Clerk will be prepared to issue a recommendation based on a valid cost-benefit analysis. Through the increased use of technology applications, the entire City could simplify its City Council Agenda process and improve its ability to maximize public access to municipal government.

Selected Community Indicators ***What external conditions influence our strategies?***

Some examples of key community indicators that assist the Office of the City Clerk with tracking trends and assessing performance are:

- Legislative Process: requests for information, customer satisfaction, timely report distribution, favorable progress on process improvements.
- Boards and Commissions: number of applicants for boards and commissions, number of vacancies, and overall progress on implementing the Boards and Commission referral to strengthen their mission.
- Internet Services: number of website hits, ability to post reports in a timely manner, ability to improve or expand Internet services and resources.
- Percentage of residents with cable television: number of Civic Center Channel viewers, ability to broadcast City Council meetings.

Trends / Issues / Opportunities ***What developments require our response?***

As the Office of the City Clerk plans for the next five years, the overarching issue remains to enhance the use of technology to improve and expedite service. Specific examples of trends, issues and opportunities include:

- Introduction of Electronic Voting by the Registrar of Voters
- The community's rising expectations for services online and in "Internet" time
- Changes in technology that makes available new methods of service delivery
- Potential restructuring of the role of Boards and Commissions
- Legal constraints on changing some processes for the delivery of services

The most important internal issue for the Office is the ability to remain flexible and agile, in light of staff and resource reductions, so that it can respond to customer demand and respond quickly and intelligently. A program of additional cross-training for staff members has been initiated and will provide a more seamless transition to a downsized office.

Given the existing lack of automated processes, most of the Office's functions are conducted manually and are labor-intensive, and customer service relies heavily on a human response rather than technical capabilities. Reduced staffing, coupled with the lack of automation, directly impacts the Office's ability to maximize public access to municipal government. However, recent examples of greater use of technology and increased efficiencies demonstrated that the Office is committed to improved service delivery. Beginning in January 2004, the Office of the City Clerk began taking Council Meeting minutes on a laptop during Council meetings. The results of this pilot are still being evaluated, but a four to five month backlog in minutes was recently closed and minutes are now current. The Office has high expectations that this process will expedite the production of documents and movement toward enhanced automation; however, as already mentioned, an improved method is still needed for tracking Council actions, indexing and retrieving contracts, memorandum and reports presented to Council, and maintaining the Legislative History with a web-enabled component for public access and searches.

Policy Framework ***What policies guide our strategies?***

The Office of the City Clerk operates within the framework of State and local law and Council policy:

- California Government Code
- California Elections Code
- City Charter
- San José Municipal Code
- Council Policy Manual

Key Strategic Goals & Objectives ***Where are we going?***

The Office of the City Clerk has three strategic goals and objectives that cover the Office's tasks:

- Deploy technology resources effectively
- Increase efficiency of service delivery
- Maintain high customer service

Strategic Support CSA
Office of the City Clerk
INVESTMENT STRATEGY

Overview

The Office of the City Clerk's 2004-2005 proposals reflect a strategy to preserve the mandated services and responsibilities of the Office and the reduced administrative support services that can be redirected/absorbed by other functions. The continued investment in the Office of the City Clerk allows for the remaining 12 positions to provide services directly related to the Office's single outcome, which is: The municipal legislative process is accessible and open to the community.

Key Investments & Objectives *How will we accomplish our goals?*

The proposed investment strategy as well as accompanying budget proposals presented in the core service section of the narrative result in the ability to maintain legally mandated functions and target key areas for service improvement. The proposed budget reduction proposals have been strategically selected to minimize the impact to mandated services that the Office must perform.

Outcome 1: The municipal legislative process is accessible and open to the community.

The continued investment in the Office of the City Clerk allows for the remaining 12 positions to provide services directly related to the Office's single outcome:

- Creating and distributing Council agenda, synopsis, minutes for all Council meetings.
- Publishing all legally required Notices in adjudicated newspapers.
- Creating and maintaining a legislative history of Council actions and indexing and filing all public records, including all City contracts, such that the records can be retrieved in a timely manner and the history is available and allows staff to provide research services for both internal and external customers.
- Posting all changes to the San José Municipal Code on the web upon adoption of each ordinance and printing updated Code pages for Code holders.
- Successfully conducting municipal elections for Mayor, Council Members, ballot measures.
- Accepting, reviewing and making available all Statements of Economic Interests and Campaign Disclosure forms required by the 1974 Political Reform Act.
- Processing the Governmental Lobbyist filings and posting updated listings of registered lobbyists on the web.
- Conducting the recruitment, application and selection process for Boards and Commissions.
- Conducting employee and retiree elections for Retirement Boards and two commissions that include members representing City employees.
- Providing administrative support services to the Elections Commission, Civil Service Commission, Rules Committee, Project Diversity Screening Committee and when required, Council Salary Setting Commission, Redistricting Advisory Panel and the Charter Review Committee.
- Providing strategic support budgeting, accounting, purchasing and personnel services to the Mayor's Office and the individual Council Offices as well as to the City Clerk's Office.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process *Office of the City Clerk*

Core Service Purpose

Maximize public access to the City's legislative processes by maintaining the legislative history of the City Council and complying with election laws.

Key Operational Services:

- | | |
|---|---|
| <input type="checkbox"/> Prepare and distribute City Council meeting agenda, packet, synopsis and minutes | <input type="checkbox"/> Respond to requests for information from customers |
| <input type="checkbox"/> Index and input legislative actions of the Council into filing systems | <input type="checkbox"/> Conduct all municipal elections in coordination with the County |
| <input type="checkbox"/> Conduct board and commission recruitments/appointments | <input type="checkbox"/> Accept, review, and make public all campaign finance forms and all Statements of Economic Interests |
| <input type="checkbox"/> Open bids and process contract documents for the City | <input type="checkbox"/> Conduct employee/retiree elections for Retirement Boards |
| <input type="checkbox"/> Publish all legally required notices for the City | <input type="checkbox"/> Provide staffing to the Council's Rules Committee, the Civil Service Commission, the San José Elections Commission and Project Diversity Screening Committee |
| <input type="checkbox"/> Provide administrative support services to the Mayor's Office and to individual City Council Offices | |

Performance and Resource Overview

The Office of the City Clerk assists the City Council in accomplishing the legislative process and making that process readily accessible to the public. Personnel, fiscal and budgetary support services are provided to the Mayor's Office and the individual Council Offices. City-wide Board and Commission recruitment and appointment processes are administered and staffing is provided to the Boards, Commissions and Committees the Office oversees; i.e., the Council's Rules Committee, the Civil Service Commission, the Project Diversity Screening Committee, the San José Elections Commission, and the City Council Salary Setting Commission (in odd-numbered years.) Elections are conducted in accordance with the City Charter, the Municipal Code, and the Election Code of the State of California for the purpose of electing City Council Members and the Mayor at the appropriate times and to submit measures to the electorate.

Ongoing issues include making the legislative process more accessible to the community while meeting weekly deadlines; filing and retrieving records of City Council actions and supporting material dating from the 1850s to the present; and researching methodologies for taking advantage of available technologies. The Office continues to work closely with the City Manager's Office and the Information Technology Department to streamline the Council and Committee agenda/packet process and to place more information on the City Clerk's web page. While the immediate result of

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process *Office of the City Clerk*

Performance and Resource Overview (Cont'd.)

this action is an increase in access to the documents that make up current agenda packets, in the future this will build and improve access to the City Council's Legislative History. In 2004-2005, these efforts should revise the percent of customers rating accessibility of information services provided as good or excellent from an estimated 72% to 85%. Continuing to review and administer highly complex election laws remains an important issue in any City Clerk's Office, but San José's current review of campaign finance, lobbyist and election ethics regulations and enforcement will be an important issue for this Office in the upcoming fiscal year.

Opportunities to optimize the use of technology are currently limited to what can be automated and/or improved with current resources. The process by which City Council actions are tracked, contracts are indexed and retrieved, and memorandums and reports are presented to Council is quite complex and labor-intensive. The Office would like to begin to research hardware and software options that will help to automate some of these duties and may potentially improve response and turn-around times. In 2003-2004 and 2004-2005, the Office will fulfill 90% of information retrieval requests within 24 hours (for materials available in the office) or 72 hours (for materials that require retrieval from storage).

As an Office that provides strategic support services, the operational workload is driven by the needs of customers. The activity and workload statistics monitor the transactions performed by City Clerk's staff and are often unrelated to the economic situation. For example, the number of contracts processed will remain at a constant 3,000 in 2003-2004 and 2004-2005, while the number of meetings staffed and board/commission applications processed will increase between 2003-2004 and 2004-2005 (from 160 to 175 and from 195 to 200, respectively). The need to respond to the volume of transactions regardless of the resources available encourages the Office to explore alternative, more efficient methods of providing services. Included in this budget is the elimination of a filled Office Specialist II position in the Legal Support Section, elimination of a vacant part-time Legislative Secretary position, and elimination of the management Professional Development Program reimbursements on a one-time basis.

Performance Measure Development

The Office continues to refine the performance measures used to track services provided and a few adjustments have been included. The new measure "% of Council and Committee reports available on the web 7 days before the meeting" replaces three different measures on the same subject. The new measure shortens the lead time required for posting memorandum and consolidates the three different targets into one broader measure to capture the percentage of all reports posted prior to a Council or Committee meeting. Customers are better informed about pending Council and Committee actions if the memorandums and reports for agenda items are available on the web within a reasonable period of time before the meeting. By measuring the percentage of reports available at least one week before the meeting, success at maximizing access to the legislative process is better tracked.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process

Office of the City Clerk

Performance and Resource Overview (Cont'd.)

Performance Measure Development (Cont'd.)

The current system for tracking measures requires manual counting to gather data. The Office would also like to research possible ways of developing a data collection methodology to improve response and turn-around times.







New questions on the 2003-2004 survey asked customers about the availability of information on the City Clerk's website that resulted in a decrease in customer satisfaction. However, as more information is made available on the web, the percentage of customers rating accessibility as good or excellent is expected to increase.

The Activity and Workload Highlight "number of requests for information" was dropped since the data, it was discovered, remained static from year to year and proved not useful for decision making since the Office responded to 100% of requests received regardless of the quantity. Also, the Activity and Workload Highlight "number of column inches published" was changed to "cost of legal publications" since tracking the cost instead of the volume is a more meaningful measure and can be better used for strategic management decisions.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process *Office of the City Clerk*

Performance and Resource Overview (Cont'd.)

Facilitate the City's Legislative Process Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of Council and Committee reports available on the web 7 days before the meeting	N/A*	N/A*	80%*	80%
 Estimated cost to document & track legislative actions per Council meeting	\$8,749	\$9,386	\$8,456	\$7,761
 % of information retrieval requests fulfilled within the time specified				
- Available in office – 24 hours	new	90%	90%	90%
- Retrieval from storage – 72 hours	new	90%	90%	90%
 % of Council reports available at least 72 hours prior to a Council Meeting	81%	88%	85%	90%
 % of customers rating the accessibility of information services provided as good or excellent	86%	90%	72%	85%
 % of customers rating the Clerk's service delivery as efficient	84%	90%	84%	85%

* Use of new software for posting Committee reports on the web has only recently been implemented. Data for the availability of reports performance measure will be available by the end of 2004. See also Performance Measure Development section. Before the change in the performance measure, the 2003-2004 target was 80%.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of meetings staffed	176	175	160	175
Number of board/commission applications processed	246	200	195	200
Number of contracts processed	4,068	3,500	3,000	3,000
Number of Council agenda items	1,671	1,900	1,500	1,700
Number of Statements of Economic Interests processed	1,745	1,700	1,500	1,500
Number of campaign filings processed	252	250	250	250
Cost of legal publications	**	**	\$115,000	\$110,000

** Data is not available as this new measure replaces the older measure "number of column inches published." See Performance Measure Development section.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process *Office of the City Clerk*

Performance and Resource Overview (Cont'd.)

Facilitate the City's Legislative Process Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 1,313,449	\$ 1,066,477	\$ 1,098,272	\$ 1,006,970	(5.6%)
Non-Personal/Equipment	296,562	439,882	770,675	770,675	75.2%
Total	\$ 1,610,011	\$ 1,506,359	\$ 1,868,947	\$ 1,777,645	18.0%
Authorized Positions	14.50	13.00	12.50	11.00	(15.4%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Services

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
1. Administrative Support Staffing	(1.00)	(53,244)	(53,244)

This action eliminates 1.0 filled Office Specialist II position in the Legal Support section. The position is responsible for publishing legal notices and processing claims filed against the City; opening bids for construction contracts and updating the contracts database; and providing customer support services. The legal support responsibilities of the position will be absorbed by the remaining staff in that section and the customer service functions will be rotated and shared among all staff. To ensure that there is adequate coverage, telephone assistance will be provided by the Call Center, especially for answering the many phone calls that relate to government services but do not relate to the City Clerk's functions or to the City of San José. (Ongoing savings: \$58,146)

Performance Results:

Cycle Time Reassignment of the responsibilities may result in an increase in turn-around time for other clerical/analytical assignments in the Office.

2. Legislative Support Staffing	(0.50)	(35,258)	(35,258)
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This action eliminates 0.5 vacant, part-time Legislative Secretary position. In the 2003-2004 General Fund Rebalancing Plan, a part-time Legislative Secretary position was created from a full-time Legislative Secretary position. The position was filled for a short period of time before the incumbent accepted another job within the City. The duties of this position have already been reassigned to other staff. Elimination of the vacant position should not produce any additional delays in the production of Council meeting minutes. (Ongoing savings: \$35,258)

Performance Results:

Quality Impacts to City Clerk's operations are expected to be minimal.

Strategic Support CSA

Core Service: Facilitate the City's Legislative Process *Office of the City Clerk*

Performance and Resource Overview (Cont'd.)

Budget Changes By Core Services

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
3. Professional Development Program Suspension		(2,800)	(2,800)
During 2004-2005, Professional Development Program (PDP) reimbursements for all management employees are being suspended for one year. This is the second year in a row that PDP reimbursements have been eliminated for unrepresented management employees. The PDP reimburses eligible employees for up to \$1,400 per year of expenses for professional conferences and educational programs, computer hardware and software, and professional subscriptions and memberships. (Ongoing savings: \$0)			
Performance Results: Cost This change will reduce budgeted costs without any effect on service delivery. A longer-term suspension of these benefits, however, could affect the City's ability to retain these managers.			
2004-2005 Proposed Core Service Changes Total	(1.50)	(91,302)	(91,302)

Strategic Support CSA

Core Service: Strategic Support *Office of the City Clerk*

Strategic Support represents the services provided within the Office that support and guide the provision of the core services.

☐ Long Range Planning & Policy Development

☐ Financial Management
☐ Employee Services

Performance and Resource Overview

Strategic support is an ongoing requirement to provide the core service of the Office. For 2004-2005, there are no reductions.

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	\$ 5,094	\$ 162,995	\$ 100,524	\$ 100,524	(38.3%)
Non-Personal/Equipment	104	13,131	18,131	18,131	38.1%
Total	\$ 5,198	\$ 176,126	\$ 118,655	\$ 118,655	(32.6%)
Authorized Positions	2.00	2.00	1.00	1.00	(50.0%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide Expenses, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
NONE			

Strategic Support CSA

Office of the City Manager



Mission: Provide strategic leadership that supports the Mayor and the City Council and motivates and challenges the organization to deliver high quality services that meet the community's needs

The Office of the City Manager is responsible for supporting the Mayor and City Council in creating public policy to enhance the quality of life in San José, and for executing that policy direction by leading the City organization in providing excellent services to our residents.

The City faces a number of very important challenges over the next five years. Two of these challenges also represent opportunities for the City to fundamentally change the way it delivers services.

The first is represented in this budget document: finding innovative ways to maintain City services at as high a level as possible in the face of shrinking resources. In addition to the strategies outlined in this document, we are proactively working to improve the economic landscape for City government and for our residents and businesses through the implementation of the City's Economic Development Strategy. The Strategy was developed by the Office of Economic Development, an arm of the City Manager's Office, and was approved by the City Council last year, along with a wide array of programs in response to the Mayor's Getting Families Back to Work sessions.

Another opportunity for organizational transformation is the move into the new Civic Center in 2005. The City Manager's Office is working on a number of fronts to ensure that the new Civic Center helps us deliver better services to residents and businesses. We are creating a Civic Center that is designed and organized based on the needs of our customers, rather than on the organizational structure of individual departments.

In other areas, the City Manager's Office continues to ensure that the Mayor and City Council are well-supported, manage the City's vast capital improvement program in this Decade of Investment, advocate with State and federal leaders to ensure that the City's interests are supported, and work in partnership with our employees to face our fiscal challenges.

Primary Partners

Mayor and City Council
Office of the City Attorney
Office of the City Auditor
Office of the City Clerk
**Office of the City
Manager**

Strategic Support CSA
Office of the City Manager
FIVE-YEAR BUSINESS PLAN

Current Position

- In a December 2003 City survey, 75% of residents rated San José's quality of life as good or excellent. 73% of residents are satisfied with the overall quality of the City's services.
- In the most recent employee survey, 87% of employees agreed that the City is a good employer, and 80% are satisfied with their jobs.
- This budget closes a shortfall of \$69.8 million, but shortfalls are forecast for each of the next five years given current revenue and expenditure projections.
- San José remains the safest big city in the country, based on FBI crime statistics.

Selected Community Indicators

- Jobs in San José declined by 2.5% against the previous year, and the unemployment rate, while lower over the past quarter than at any time since January 2002 at 6.8%, is still above the State and national rates.
- The City's Jobs/Housing Balance remains tilted toward housing, as the most recent analysis shows that San José housed 53% of Santa Clara County's population compared to 44% of its jobs.

Trends / Issues / Opportunities

- Forecasted budget shortfalls for the next five years highlight the ongoing structural imbalance in the City's budget, as expenditure obligations rise faster than revenues.
- Although there are preliminary signs of economic improvement, the most important driver, total jobs, remains at the lowest level in the past four years.
- The State continues to face a significant budget shortfall, and cities remain vulnerable to State budget cuts.
- The new Civic Center represents a "once in 50 years" opportunity to create an environment that provides a central access point to serve residents and businesses, a gathering place for the community, and a successful working environment for our employees.
- Residents continue to partner with the City to work on improving their communities through the Strong Neighborhoods Initiative, in spite of dwindling resources for physical improvements.
- The City's large investment in capital infrastructure continues. As many of these projects move through construction to completion, it will be increasingly important to look at how operating and maintenance costs will be covered for the new facilities.
- The Airport Master Plan is the largest capital project ever undertaken by the City of San José. The opportunity is to create an airport that serves as an economic driver for the region, connects seamlessly to as many ground transportation options as possible, becomes a premier gateway to Silicon Valley, and continues to be a good neighbor to the community.
- San José is one of the most diverse cities in the country, and is continuing to become more diverse as its demographics change.
- Pursuing smart growth and continuing to provide for the housing needs of our community at all income levels remains a high priority.

Policy Framework

- Economic Development Strategy
- Adopted Operating & Capital Budgets
- 2020 General Plan
- Adopted Strong Neighborhoods Initiative Plans
- Airport Master Plan
- City of San José 2002-2005 Consolidated Plan
- NPDES Wastewater and Storm Water permits
- Sustainable City Strategy
- Fire Five-Year Strategic Master Plan
- Neighborhood Policing Operations Plan
- Greenprint for Parks and Community Facilities Programs
- San José Public Library Master Plan
- City of San José Traffic Level of Service Policy

Key Strategic Support Goals & Objectives

This section organizes the key goals and objectives of the City Manager's Office based on the six corporate priorities we have identified for the City organization. These priorities guide the efforts of CSA's and departments in providing service.

- **Support for effective Council policy-making** – Key initiatives within this priority are listed below.
 - Improve the City's economic position – We will aggressively implement the strategic initiatives and tactics of the Economic Development Strategy (EDS) and the directives resulting from the Getting Families Back to Work study sessions. Our primary focus will be the EDS's fifteen strategic initiatives, four of which the City Council has designated as the highest priorities in 2004:
 - Develop strategic partnerships with San José State and other universities to drive innovation and economic impact
 - Evolve and position downtown as a unique creative and cultural center of Silicon Valley
 - Support start-up and growth of local businesses, small and large, in tech as well as non-tech fields
 - Diversify San José's economic base and preserve/create middle-income jobs
 - Improve the City's budgetary position – This budget shows how the City organization is consolidating, re-engineering, and innovating to try to preserve as high a level of service to our community as possible in the face of reduced resources. However, it also shows that those reduced resources cannot sustain the same level of service we have been able to provide in the past. A goal for the next five years is to find ways to reverse the continuing imbalance in our operating budget between revenue and expenditure growth.
- **Performance-driven government** – This budget reflects the continuing evolution of the City's performance-based budgeting and service delivery framework. For 2004-2005, the transition to a performance based budget is complete and the budget document is now formally organized around the seven City Service Areas rather than as previously by departments. We will be working over the next five years to continue to provide information that helps the City Council focus its resource decisions on the level of service we wish to provide, and the results that residents can expect from that service. Toward that end, we will continue to refine our ability to measure our performance, both against other cities and against the standards we set for ourselves.
- **Neighborhood-focused service delivery** – The Strong Neighborhoods Initiative is working on a new structure to deliver service that breaks down barriers between City departments and the Redevelopment Agency, and on new ways of partnering with the community to improve neighborhoods. Even though shrinking Redevelopment Agency resources will slow the progress of capital improvements included in the approved SNI neighborhood Top Ten lists, other important improvements are continuing. The long term goal of SNI remains to help neighborhoods strengthen themselves in partnership with City government.

Strategic Support CSA
Office of the City Manager
FIVE-YEAR BUSINESS PLAN

Key Strategic Goals & Objectives (Cont'd.)

- **Customer service** – The “One Voice” pilot projects are examples of ways we are looking at providing service in ways that are tailored to customer needs, rather than based on organizational structure and divisions between departments. The One Start Center for development services is another example of this direction, and we expect that these initiatives will grow in importance over the next five years, as we implement the Customer Service Center in the new Civic Center, and the whole organization begins to see the benefits and possibilities of this approach to delivering service.
- **Employer of choice** – A key initiative in this area is to develop our own employees to become the City leaders of the future. The City already offers a leadership and supervision academy for new supervisors, a ten-week class focusing on building leadership and supervisory skills in the areas of corporate priorities, problem solving, communication and interpersonal skills. We are also working to develop a graduate public management course in cooperation with San Jose State to prepare employees for Director and Deputy Director positions.
- **Effective use of technology** – In the short term, recent efforts have produced improvements in areas such as development-related services and capital project tracking. The long term goals for technology focus on improvements to be made in the City’s IT infrastructure with the move to the new Civic Center and continuing e-Government initiatives to make City services accessible on line.

Overview

The City Manager's Office Investment Strategy is designed to contribute to a balanced budget, preserve flexibility to provide support to the Mayor and Council, lead the organization's service delivery, and position the City Manager's Office to function in new ways as we prepare to move into the new Civic Center. Targeted service reductions are proposed in order to provide expenditure savings, and we have made every effort to mitigate these to the extent possible. Individual job portfolios continue to expand in an effort to maintain the City Manager's Office's flexibility to meet demands. The City Manager's Office is beginning to build more team-based models to complete projects and provide services, and these models increasingly cut across previous specializations and spheres of work, both for individual employees and for workgroups such as the City Manager's Budget Office and the Office of Economic Development.

Key Investments & Objectives

Outcome 1: The Community Receives Customer-Focused, Results-Driven Services

- **One Voice** — The Office will continue to coordinate the “One Voice” efforts, analyzing the results of the designated pilot projects and looking for opportunities to expand the concept into other service areas.
- **New Civic Center** — A temporary new position has been authorized to help lead the cultural transformation into the new Civic Center, and efforts continue on the Customer Service Center and other elements to ensure a strong customer focus.
- **Strong Neighborhoods** — Working toward a reconfigured organization to support the Strong Neighborhoods Initiative has allowed the elimination of a vacant position (part of the General Fund 100 vacant position reduction plan approved by the City Council in March).
- **Public Outreach** — Service reductions are necessary in this area, including discontinuing the distribution of the Inside San José newsletter (it will remain available on line) and reducing the staff assigned to document production, web page design and support, and assistance with media relations from two to one.
- **Capital Improvement Program** — Considerable resources will continue to be devoted to this area. Two Deputy City Managers continue to have their primary focus in the capital area, and the CIP Action Team will continue to work to keep the City Council, City staff, and the public informed about the progress of capital projects. A funding shift for the Budget Director and Assistant Budget Director is proposed to reflect the increased volume of work related to this area.

Outcome 2: The Mayor and City Council are Effectively Supported in Making Public Policy Decisions

- **Council Liaison** — Current resources for this program are maintained, in order to continue to provide support for the City Council agenda, City Council referrals, and a variety of other work in support of the Mayor and City Council's activities.
- **Intergovernmental Relations** — The base level of investment will continue, with the key focus being advocacy for the City's needs in the State's efforts to resolve its budget shortfall.
- **Budget/QUEST** — The merger of these two offices continues, allowing the elimination of a vacant support position as part of the General Fund 100 vacant position reduction plan approved by the City Council in March. We will continue to work toward providing information and data that supports the City Council's efforts to integrate performance measurement into budget decisions.

Key Investments & Objectives (Cont'd.)

Outcome 3: Employees Understand, are Committed to and Accountable for the City's Vision, and have the Capacity to Achieve it

- **Employee Relations** – The Office of Employee Relations continues to work in partnership with the City's employee bargaining units to collectively find ways to deal with our current budget challenges. The elimination of a vacant position is proposed in this budget, which will reduce the capacity of the City Manager's Office to work with bargaining units, provide advice for departments on disciplinary issues and other labor relations processes, and perform analysis and research on grievances and other employee relations issues.
- **New Civic Center** – The temporary new position described above will be responsible for communicating with employees to help prepare them for the new organizational culture and new environment of the new Civic Center.
- **Outreach** – The position cut described above will reduce the resources of the City Manager's Office devoted to communicating with staff. However, we will continue these efforts through vehicles like the Straight Talk about the Budget section on the City's intranet web site.
- **Training** – The City Manager's Office will remain closely involved with Employee Services in supporting the existing Leadership & Supervision Academy and launching the new training program aimed at preparing employees for Director and Deputy Director positions.

Strategic Support CSA

Core Service: Analyze, Develop, and Recommend Public Policy *Office of the City Manager*

Core Service Purpose

Analyze, Develop, and Recommend Public Policy - Provide professional expertise and support to the City Council in the formulation, interpretation, and application of public policy.


Key Operational Services:

- ☐ Council Relations and Council/Committee Support
- ☐ Intergovernmental Relations
- ☐ Public Policy Development
- ☐ Budget

Performance and Resource Overview

The City Manager's Office works to ensure that the City Council can rely on thorough, strategic, and impartial staff work in support of its decisions on City policy. The Council Relations and Budget staff focus on those goals, as well as assisting the City Council and its committees with logistics and other information needs. In addition, the Intergovernmental Relations staff assists the City Council in its efforts to influence policy-making and legislation in other government jurisdictions.

In the City's current economic condition, providing support to the City Council in making decisions about how to allocate scarce resources is particularly important. For that reason, positions assigned to this core service have not been reduced. The proposed budget actions within this core service will, however, eliminate management salary increases, consistent with the city-wide strategy, shift funding to reflect the increased time spent by the Budget Director and the Assistant Budget Director related to the capital budget, and reduce the non-personal/equipment budget. These actions should have no significant effect on the current level of service being provided.

Analyze, Develop, and Recommend Public Policy Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of variance from budgeted unrestricted ending fund balance for the General Fund	4.6%	10%	10%	10%

Strategic Support CSA

Core Service: Analyze, Develop, and Recommend Public Policy *Office of the City Manager*

Performance and Resource Overview (Cont'd.)

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of City Council agenda reports approved	1,936	2,000	2,000	2,100
Number of City Council referrals assigned	99	65	120	130
Number of City-sponsored bills	3	5	4	4
Number of legislative items reviewed	3,250	3,200	3,620	3,300

* This amount differs from the amount reported by the Office of the City Clerk because General Plan agenda items are included.

Analyze, Develop and Recommend Public Policy Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	2,782,460	\$ 3,065,613	\$ 3,137,004	\$ 3,108,641	1.4%
Non-Personal/Equipment	337,090	332,530	342,480	324,685	(2.4%)
Total	3,119,550	\$ 3,398,143	\$ 3,479,484	\$ 3,433,326	1.0%
Authorized Positions	25.85	25.85	26.30	26.30	1.7%

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Analyze, Develop, and Recommend Public Policy *Office of the City Manager*

Performance and Resource Overview (Cont'd.) Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
1. Budget Director and Assistant Budget Director Funding Shift		0	(57,759)
<p>This action shifts the funding for the Budget Director and Assistant Budget Director from 70% General Fund and 30% capital funds to 55% General Fund and 45% capital funds. These changes properly reflect the amount of time spent by these two positions on activities related to the funding sources. (Ongoing savings: \$0)</p> <p>Performance Results: Cost This change properly allocates funding based on level of effort devoted to the funding sources involved.</p>			
2. Management Salary Increases		(28,363)	(28,363)
<p>This action eliminates any salary step or performance pay increases, maintaining the salaries of all management employees at their current levels during 2004-2005, which is the salary presumption for all employees next year. This action is similar to the recommendations approved for 2003-2004, whereby Senior/Executive management employees did not receive any salary increases, and unrepresented management employees received reduced cost of living adjustments with no salary step or performance pay increases. (Ongoing savings: \$28,363)</p> <p>Performance Results: Cost This change reduces budgeted costs without any effect on service delivery. A longer-term salary freeze, however, could affect the City's ability to retain these managers.</p>			
3. Non-Personal/Equipment Efficiencies		(17,795)	(17,795)
<p>This reduction adjusts the budget for non-personal/equipment expenditures (such as supplies, travel, and consulting) to be more consistent with actual spending levels in the current year. (Ongoing savings: \$17,795)</p> <p>Performance Results: Cost This action will reduce costs without significantly changing current service levels.</p>			
2004-2005 Proposed Core Service Changes Total	0.00	(46,158)	(103,917)

Strategic Support CSA

Core Service: Lead and Advance the Organization *Office of the City Manager*

Core Service Purpose

Lead and Advance the Organization – Advance organizational vision, determine accountability, set organizational goals, and build organizational capacity.

Key Operational Services:

☐ QUEST Partnership

☐ Employee Relations

Performance and Resource Overview

Although this core service lists just two key operational services, it is clearly a central function of the City Manager's Office. Setting a vision and direction that unites the organization and focuses it on a common destination is the foundation for achieving all of the City's goals.

In another challenging budget year, the City Manager's Office is working with departments and CSA's to look at innovative ways to deliver services with limited resources. The City Manager's Office is also working in close partnership with employee representatives to develop collaborative approaches to these issues, and has established numerous avenues through which employees can provide direct input.





The most significant reduction within this core service is the elimination of a vacant Senior Executive Analyst position. This reduction will reduce the capacity of the City Manager's Office to work with bargaining units, provide advice for departments on disciplinary issues and other labor relations processes, and perform analysis and research on grievances and other employee relations issues.

The other reductions in this core service include, the elimination of management employee salary increases, and a reduction in the non-personal/equipment budget, as described elsewhere in this section.

Strategic Support CSA

Core Service: Lead and Advance the Organization *Office of the City Manager*

Performance and Resource Overview (Cont'd.)

Lead and Advance the Organization Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of employees who agree or strongly agree they understand and support the City's vision to be a customer-focused, results-driven organization	73%	73%*	73%*	75%
 % of employees who say they utilize performance measures to track results and make improvements	35%	35%*	35%*	40%
 % of employees who agree or strongly agree they are provided opportunities to make decisions about how to do their jobs	74%	74%*	74%*	75%
 % of administrative discrimination, harassment and accessibility complaint investigations resulting in a finding of cause	29%	10%	11%	10%

* Data reflect the fall 2002 Employee Survey, which is the most recent. The next Employee Survey is scheduled for fall 2004.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of "Step 3" grievances received**	24	30	12	20
Number of training sessions offered by the Office of Employee Relations***	92	100	50	60
Number of formal disciplines received	51	60	52	60
Number of external fair employment complaints filed	8	12	10	15

** Step 3 grievances are defined as the final step in grievance procedures for internal resolution. If the grievance is not resolved at Step 3, unions may appeal it to Arbitration. A grievance is defined as any dispute between the City and a union regarding the interpretation or application of the written Memorandum of Agreement or the Employer-Employee Resolution #39367, as amended.

*** The number of trainings decreased significantly from the prior year because new employee orientations are now being conducted every eight weeks rather than every two weeks.

Strategic Support CSA

Core Service: Lead and Advance the Organization *Office of the City Manager*

Performance and Resource Overview (Cont'd.)

Lead and Advance the Organization Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	1,577,822	\$ 1,661,072	\$ 1,758,554	\$ 1,629,323	(1.9%)
Non-Personal/Equipment	127,429	115,262	115,212	104,140	(9.6%)
Total	1,705,251	\$ 1,776,334	\$ 1,873,766	\$ 1,733,463	(2.4%)
Authorized Positions	16.40	15.40	14.40	13.40	(13.0%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
1. Employee Relations Staffing	(1.00)	(107,794)	(107,794)

This action will eliminate a vacant Senior Executive Analyst position in the Office of Employee Relations. This will reduce the Office of Employee Relations' capacity to work with bargaining units, provide advice for departments on disciplinary issues and other labor relations processes, and perform analysis and research on grievances and other employee relations issues. (Ongoing savings: \$107,794)

Performance Results:

Quality/Cycle Time This change will limit the Office's ability to provide analysis and support for various employee relations issues, and could affect cycle times for various processes for which the Office of Employee Relations is responsible.

2. Management Salary Increases	(21,437)	(21,437)
---------------------------------------	-----------------	-----------------

This action eliminates any salary step or performance pay increases, maintaining the salaries of all management employees at their current levels during 2004-2005, which is the salary presumption for all employees next year. This action is similar to the recommendations approved for 2003-2004, whereby Senior/Executive management employees did not receive any salary increases, and unrepresented management employees received reduced cost of living adjustments with no salary step or performance pay increases. (Ongoing savings: \$21,437)

Performance Results:

Cost This change reduces budgeted costs without any effect on service delivery. A longer-term salary freeze, however, could affect the City's ability to retain these managers.

Strategic Support CSA

Core Service: Lead and Advance the Organization *Office of the City Manager*

Budget Changes By Core Service (Cont'd.)

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
3. Non-Personal/Equipment Efficiencies		(11,072)	(11,072)
This reduction adjusts the budget for non-personal/equipment expenditures (such as supplies, travel, and consulting) to be more consistent with actual spending levels in the current year. (Ongoing savings: \$11,072)			
Performance Results:			
Cost This action will reduce costs without significantly changing current service levels.			
2004-2005 Proposed Core Service Changes Total	(1.00)	(140,303)	(140,303)

Strategic Support CSA

Core Service: Manage and Coordinate City-Wide Service Delivery *Office of the City Manager*

Core Service Purpose

Manage and Coordinate City-Wide Service Delivery – Provide strategic direction and management for city-wide operations and service delivery.

Key Operational Services:

- | | |
|--|--|
| <input type="checkbox"/> Public Policy Implementation | <input type="checkbox"/> Public Education & Community Outreach |
| <input type="checkbox"/> Neighborhood Partnerships/Strong Neighborhoods Initiative | |
| <input type="checkbox"/> Major Capital Project Support | |

Performance and Resource Overview

The City Manager's Office leads and coordinates city-wide service initiatives, provides support to departments and CSA's in their service delivery, and provides outreach and other services directly in support of all of the City's services. The City Manager's Office must constantly adapt to changing events, service needs, and City Council priorities. The City Manager's Office's focus is on helping the City organization align to the right priorities, and providing the support it needs to be successful in meeting those priorities.

Key priorities for 2004-2005 include:

- Economic Development Strategy implementation
- Improving service delivery to focus on the needs of customers irrespective of the departmental structure
- Capital projects delivery
- Public safety services
- Strong Neighborhoods Initiative implementation
- Transportation improvements
- Housing improvements
- Airport Master Plan
- E-government initiatives

The City Manager's Office will continue to lead the City's implementation of the Economic Development Strategy, with the goal of getting families back to work. These efforts are more fully described in the Office of Economic Development section of this document.

A number of efforts will continue related to orienting service delivery based on the needs of our customers. The One Voice project, the One Start Center, and culture change efforts related to the move into the new Civic Center in 2005 will all contribute to making it easier for residents and businesses to conduct business with the City.

Strategic Support CSA







Core Service: Manage and Coordinate City-Wide Service Delivery

Office of the City Manager

Performance and Resource Overview (Cont'd.)

In support of the City's "Decade of Investment", particularly projects related to the park, library, and public safety bonds passed by the voters in recent elections, the City Manager's Office continues to dedicate a significant amount of resources to ensure that capital projects are delivered on time, on budget, and consistent with community needs. Two Deputy City Managers focus primarily on capital projects, and the CIP Action Team works with departments and the Mayor and City Council to keep projects moving and to keep the public informed of their status.

The most significant reductions related to this core service (the elimination of the *Inside San José* newsletter and 12% reductions in payments to the Arena Authority and Sports Authority, commensurate with the percentage reduction being applied to funding for community-based organizations) are described in the City-Wide section of this document. The only direct reductions to the budget for this core service are the salary freeze for management employees and the non-personal/equipment budget reduction detailed elsewhere in this section.

Manage and Coordinate City-Wide Service Delivery Performance Summary	2002-2003 Actual	2003-2004 Target	2003-2004 Estimated	2004-2005 Target
 % of core services meeting or exceeding levels established by the City Council	54%	60%	69%	70%
 % of core services using formal customer feedback mechanisms to make improvements in service delivery	94%	85%	81%	85%
 % of core services meeting or exceeding their cycle time targets	51%	60%	62%	65%
 % of residents that are satisfied or very satisfied with the quality of City services	75%	75%	75%*	75%**
 % of residents contacting the City who say they are satisfied or very satisfied with the timeliness, courtesy and competence of City employees	80%	80%	78%*	78%**
 % of residents rating the quality of life in San José as good or excellent	77%	77%	73%*	73%**

* Data for these measures reflect the results of the 2003 Community Survey.

** Targets remain at 2003-04 actual levels, since the next Community Survey is scheduled for Fall 2005.

Activity & Workload Highlights	2002-2003 Actual	2003-2004 Forecast	2003-2004 Estimated	2004-2005 Forecast
Number of contracts/agreements approved	1,401	1,400	1,065	1,000

Strategic Support CSA

Core Service: Manage and Coordinate City-Wide Service Delivery *Office of the City Manager*

Performance and Resource Overview (Cont'd.)

Manage & Coordinate City-Wide Service Delivery Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Core Service Budget *					
Personal Services	2,737,409	\$ 2,913,205	\$ 2,747,387	\$ 2,723,725	(6.5%)
Non-Personal/Equipment	101,310	313,028	324,119	306,094	(2.2%)
Total	2,838,719	\$ 3,226,233	\$ 3,071,506	\$ 3,029,819	(6.1%)
Authorized Positions	25.25	23.25	21.30	21.30	(8.4%)

- The Resource Summary includes all operating allocations within the Department that contribute to the performance of this Core Service. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Core Service performance, yet are displayed elsewhere in this budget.

Budget Changes By Core Service

Proposed Core Service Changes	Positions	All Funds (\$)	General Fund (\$)
1. Management Salary Increases		(23,662)	(23,662)
This action eliminates any salary step or performance pay increases, maintaining the salaries of all management employees at their current levels during 2004-2005, which is the salary presumption for all employees next year. This action is similar to the recommendations approved for 2003-2004, whereby Senior/Executive management employees did not receive any salary increases, and unrepresented management employees received reduced cost of living adjustments with no salary step or performance pay increases. (Ongoing savings: \$23,662)			
Performance Results:			
Cost This change reduces budgeted costs without any effect on service delivery. A longer-term salary freeze, however, could affect the City's ability to retain these managers.			
2. Non-Personal/Equipment Efficiencies		(18,025)	(18,025)
This reduction adjusts the budget for non-personal/equipment expenditures (such as supplies, travel, and consulting) to be more consistent with actual spending levels in the current year. (Ongoing savings: \$18,025)			
Performance Results:			
Cost This action will reduce costs without significantly changing current service levels.			
2004-2005 Proposed Core Service Changes Total	0.00	(41,687)	(41,687)

Strategic Support CSA

Core Service: Strategic Support *Office of the City Manager*

Strategic Support represents services provided within departments that support and guide the provision of the core services. Strategic Support within the Office of the City Manager includes:

☐ Clerical Support

☐ Financial Management

Performance and Resource Overview

The strategic support functions of the City Manager's Office are essential to the successful provision of core services. For 2004-2005, the freeze of salaries for management employees and non-personal/equipment budget reductions discussed elsewhere in this document reduce the budget in this core service. In addition, the budget for the Professional Development Program (PDP) is carried within this core service. All management employees will also forgo PDP reimbursements during 2004-2005.

Strategic Support Resource Summary	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Strategic Support Budget *					
Personal Services	346,857	\$ 423,485	\$ 312,380	\$ 254,301	(40.0%)
Non-Personal/Equipment	136,212	46,202	46,202	45,402	(1.7%)
Total	483,069	\$ 469,687	\$ 358,582	\$ 299,703	(36.2%)
Authorized Positions	3.50	3.50	2.00	2.00	(42.9%)

* The Resource Summary includes all operating allocations within the Department that contribute to the performance of Strategic Support. Note that additional resources from City-Wide, Special Funds and/or Capital Funds may also contribute to Strategic Support performance, yet are displayed elsewhere in this budget.

Strategic Support CSA

Core Service: Strategic Support *Office of the City Manager*

Strategic Support Budget Changes

Proposed Strategic Support Changes	Positions	All Funds (\$)	General Fund (\$)
1. Professional Development Program Suspension		(55,580)	(55,580)
<p>During 2004-2005, Professional Development Program (PDP) reimbursements for all management employees are being suspended for one year. This is the second year in a row that PDP reimbursements have been eliminated for unrepresented management employees. The PDP reimburses eligible employees for up to \$1,400 per year of expenses for professional conferences and educational programs, computer hardware and software, and professional subscriptions and memberships. (Ongoing savings: \$0)</p> <p>Performance Results: Cost This change will reduce budgeted costs without any effect on service delivery. A longer-term suspension of these benefits, however, could affect the City's ability to retain these managers.</p>			
2. Management Salary Increases		(2,499)	(2,499)
<p>This action eliminates any salary step or performance pay increases, maintaining the salaries of all management employees at their current levels during 2004-2005. This elimination is similar to the recommendations approved for 2003-2004, whereby Senior/Executive management employees did not receive any salary increases, and unrepresented management employees received reduced cost of living adjustments with no salary step or performance pay increases. (Ongoing savings: \$2,499)</p> <p>Performance Results: Cost This change will reduce budgeted costs without any effect on service delivery. A longer-term salary freeze, however, could affect the City's ability to retain these managers.</p>			
3. Non-Personal/Equipment Efficiencies		(800)	(800)
<p>This reduction adjusts the budget for non-personal/equipment expenditures (such as supplies, travel, and consulting) to be more consistent with actual spending levels in the current year. (Ongoing savings: \$800)</p> <p>Performance Results: Cost This action will reduce costs without significantly changing current service levels.</p>			
2004-2005 Proposed Strategic Support Changes Total	0.00	(58,879)	(58,879)

Strategic Support CSA

City-Wide Expenses

Overview

The Strategic Support Program includes funding to design, build and maintain City facilities, manage the City's financial and technology systems, and ensure the City has qualified, well-trained employee to deliver quality services.

Budget Summary

City-Wide Expenses Resource Summary*	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Strategic Support	\$ 40,306,883	\$ 40,286,399	\$ 40,713,975	\$ 39,891,859	(1.0%)
Total	\$ 40,306,883	\$ 40,286,399	\$ 40,713,975	\$ 39,891,859	(1.0%)
Authorized Positions	14.00	14.00	13.00	13.00	(7.1%)

* For a complete listing of allocations for the Strategic Support Program, please refer to the City-Wide Expenses section of this document.

Budget Changes by Program

Proposed Program Changes	Positions	General Fund (\$)
1. City Auditor's Office Performance Audit		(5,000)
This action generates one-time non-personal/equipment savings of \$5,000 by eliminating the allocation for a 2004-2005 Performance Audit of the City Auditor's Office. This audit is required biannually. As the last performance audit of the City Auditor's Office was performed in 2003-2004, an audit is not required for 2004-2005. (Ongoing savings: \$0)		
2. Community Based Organizations Funding Reduction		(105,616)
This action reduces funding for community based organizations by the same average percentage reduction as recommended for non-public safety city service areas. For the City-Wide Expenses Strategic Support Program, this action reflects a 12.2% reduction for the Arena Authority (\$31,097) and the Sports Authority (\$74,519), resulting in total savings of \$105,618. The City Manager's Office and the Office of Economic Development will work with these organizations to minimize service delivery impacts. (Ongoing savings: \$105,616)		

Strategic Support CSA

City-Wide Expenses

Budget Changes by Program (Cont'd.)

Proposed Program Changes	Positions	General Fund (\$)
3. Customer Service Call Center		(8,300)
This proposal reduces non-personal/equipment expenditures for the Customer Service Call Center (supplies, travel and consulting) to be more consistent with actual spending levels in the current year. (Ongoing savings: \$8,300)		
4. Downtown Employee Parking		(307,800)
This proposal reduces, on a one-time basis, the reimbursement to the General Purpose Parking Fund for Downtown Employee Parking. Due to the current economic situation, the General Fund subsidy would be reduced by one-half, to \$307,800. (Ongoing savings: \$0)		
5. Community Report Card		(220,400)
This proposal eliminates the printing of the Inside San José newsletter, which was distributed to all City residents twice per year. This removes an outlet for direct communication with residents about the City's programs and services. Other existing vehicles for communication with residents will be continued, such as Civic Center Television and the City web site, and other opportunities to keep residents informed about the City's activities will be explored. (Ongoing savings: \$220,400)		
6. Training and Continuous Improvement Program		(100,000)
This proposal would decrease the Training and Continuous Improvement Program funding allocation from \$250,000 to \$150,000. As a result, fewer consultants will be contracted to provide training services for employees when expertise is not available within the City. The Employee Services Department will focus remaining resources on the highest training needs within the organization. (Ongoing savings: \$100,000)		
7. Tuition Reimbursement Program		(75,000)
This proposal would reduce funding for the General Employee Tuition Reimbursement appropriation by one-half based upon actual usage. (Ongoing savings: \$75,000)		
2004-2005 Proposed Program Changes Total	0.00	(822,116)

Strategic Support

General Fund Capital, Transfers, and Reserves

Budget Summary

General Fund Capital, Transfers, and Reserves Strategic Support CSA Resource Summary*	2002-2003 Actual 1	2003-2004 Adopted 2	2004-2005 Forecast 3	2004-2005 Proposed 4	% Change (2 to 4)
Capital Contributions	\$ 9,342,775	\$ 3,120,000	\$ 600,000	\$ 600,000	(80.8%)
Earmarked Reserves	-	66,010,659	4,730,768	2,415,608	(96.3%)
Contingency Reserve	-	25,086,678	24,057,000	24,057,000	(4.1%)
Total	\$ 9,342,775	\$ 94,217,337	\$ 29,387,768	\$ 27,072,608	(71.3%)
Authorized Positions	0.00	0.00	0.00	0.00	N/A

* For a complete listing of allocations for the Capital Contributions, Transfers to Other Funds, and Earmarked Reserves Programs for the Strategic Support CSA, please refer to the General Fund Transfers, Capital, and Reserves section of this document.

Budget Changes by Program

Proposed Program Changes	Positions	General Fund (\$)
1. Earmarked Reserves: Salary and Benefit Reserve - Management Salary Increases and Professional Development Program Suspension		(1,822,160)
<p>This action reduces the Salary and Benefit Earmarked Reserve to eliminate all funding previously reserved for management salary step or performance pay increases. These savings will be achieved by maintaining the salaries of all management employees at their current levels during 2004-2005, which is the salary presumption for all employees next year. This elimination is similar to the recommendations approved for 2003-2004, whereby Senior/Executive management employees did not receive any salary increases, and unrepresented management employees received reduced cost of living adjustments with no salary step or performance pay increases (\$941,000). In addition, during 2004-2005, Professional Development Program (PDP) reimbursements are being suspended for one year. This is the second year in a row that PDP reimbursements have been eliminated for unrepresented management employees. The PDP reimburses eligible employees for up to \$1,400 per year of expenses for professional conferences and educational programs, computer hardware and software, and professional subscriptions and memberships (\$881,160). (Ongoing savings: \$941,000)</p>		
2. Earmarked Reserves: Communications, Computer, and Equipment Reserves Elimination		(493,000)
<p>This action liquidates Earmarked Reserves for Communications (\$143,000), Computer (\$250,000), and Equipment (\$100,000). These funds are recommended to be liquidated and applied to overall General Fund balancing solutions. (Ongoing savings: \$0)</p>		
2004-2005 Proposed Program Changes Total	0.00	(2,315,160)